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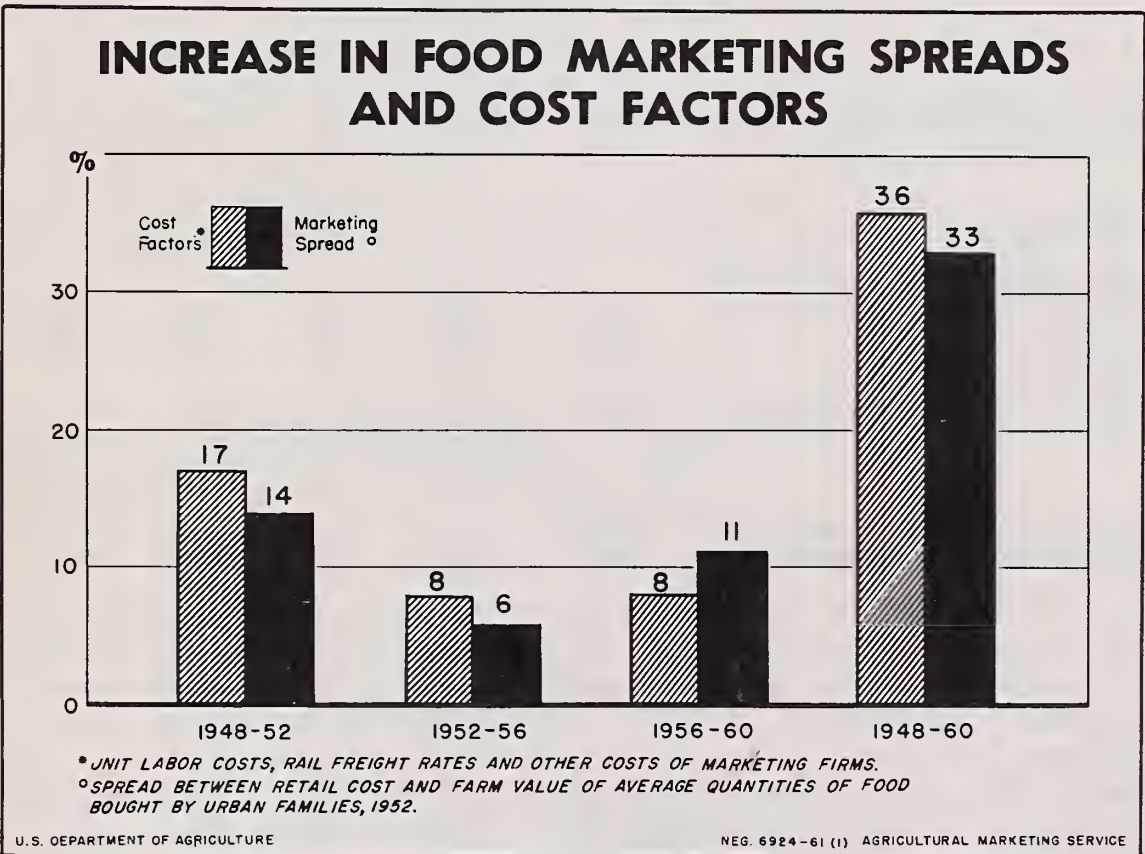
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The MARKETING and TRANSPORTATION SITUATION

MTS-140



In this issue:
Marketing Margins for Beef, Pork,
Frying Chickens, Eggs, Dairy
Products, Bread, Fruits and
Vegetables



Charges for marketing farm food products (the farm-retail spread) have risen along with costs of labor, transportation, supplies, equipment, and the many other goods and services used in performing marketing functions. From 1948 to 1960, increases in marketing charges and

cost factors were about equal. During the early part of this period, 1948-52, the rise in each was double the increase in the middle period, 1952-56. In 1959 and 1960, neither marketing charges nor cost factors increased as much as in most years of the 1948-60 period.



Growth Through Agricultural Progress

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1/ Average quantities of farm food products purchased per wage-earner or clerical-worker family in 1952. 2/ Data for average family purchases in 1950 of 25 articles of cotton clothing and housefurnishings divided by number of pounds of lint cotton required for their manufacture; see U.S. Dept. Agr. Mktg. Res. Rpt. 277. 3/ Data for package of regular-sized, popular brand cigarettes; farm value is return to farmer for 0.065 lb. of leaf tobacco of cigarette-types; data for fiscal year beginning July 1, 1959. 4/ Seasonally adjusted annual rates, calculated from Dept. of Commerce data. Fourth quarter 1960 data are from preliminary estimates by the Council of Economic Advisers. 5/ Dept. Labor. 6/ Weighted composite earnings in food processing, wholesale trade, retail food stores, calculated from data of Dept. Labor. 7/ Seasonally adjusted, Dept. Commerce. Annual data for 1959 are on an average monthly basis. 8/ Seasonally adjusted, Board of Governors of Federal Reserve System. 9/ Converted from 1910-14 base.

THE MARKETING AND TRANSPORTATION SITUATION

Approved by the Outlook and Situation Board, February 1, 1961

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FARM-RETAIL PRICE SPREADS FOR FARM FOODS

Highlights

Charges for marketing farm food products increased again last year, as they have each year since 1950. But for the second year in a row, the rise was slight. The small increases in marketing charges in 1959 and 1960 reflected relative stability in costs of performing marketing operations. Hourly earnings of food marketing employees averaged 4 percent higher in 1960 than in 1959, but increases in output per man-hour prevented unit labor costs from rising proportionately. Rail transportation rates averaged about the same in 1960 as in 1959. Changes in prices of supplies, equipment, and most other items bought by marketing firms were small and largely offset each other.

Prices received by farmers for food products averaged 2 percent higher in 1960 than in 1959, mainly because of higher prices for eggs, frying chickens, hogs, and some fresh fruits and vegetables. Prices of beef cattle and lambs were down.

The small increases in marketing charges and prices received by farmers in 1960 were accompanied by a small rise in the average level of retail prices of farm food products. The 1960 level, however, was below the peak reached in 1958.

Farmers received an average of 39 cents of the dollar consumers spent for farm food products in 1960, compared with 38 cents in 1959. The increase from 1959 to 1960 was the first gain in the annual average farmer's share since 1951. During the 10 years, 1951-60, the farmer's share varied from 49 cents in 1951 to 38 cents in 1959.

Retail prices of farm food products, prices received by farmers, and marketing charges are expected to average about the same this year as in 1960.

Marketing Charges Show Little Change in 1960

Charges for assembling, processing, and distributing farm food products were about the same in 1960 as in 1959. For the second consecutive year the farm-retail spread for the farm food "market basket" rose but a few dollars. ^{1/} The farm-retail spread has increased each year since 1950. At an average annual rate of \$644 in 1960, it was 32 percent higher than in 1950 (table 1).

During the first quarter of 1960 marketing charges averaged a little lower than in the fourth quarter of 1959. Small increases in the second and third quarters last year were followed by a slight decline in the last quarter. The fourth quarter average was about the same as in the corresponding period of 1959 (table 24, p. 47).

Changes in farm-retail spreads from 1959 to 1960 were more significant for several product groups than the change for the total market basket. Spreads for dairy products, bakery and cereal products, and fruits and vegetables increased, while those for meat products, poultry and eggs, and fats and oils decreased (table 2). The spread for miscellaneous products was about the same as in 1959.

The relatively stable market basket farm-retail spread for the last two years reflects stability in costs of marketing farm foods. Hourly earnings rose 4 percent in 1960, but labor cost per unit of product marketed probably did not increase as much because of the rise in output per man-hour. Labor costs account for nearly half of the charges for marketing farm food products.

Rail freight rates for agricultural commodities declined in 1959 and did not change much in 1960. Relatively small increases in some freight rates went into effect on October 24, 1960, but these probably did not raise significantly the average level of rates for 1960.

Construction costs and prices of machinery and equipment, metal containers, and some other items bought by marketing firms were higher in 1960 than in 1959. These increases were about offset by decreases in prices of trucks, tires and tubes, glass containers, and other items.

According to a joint report by the Federal Trade Commission and Securities and Exchange Commission, total profits after taxes of food manufacturing corporations were about the same in the first three quarters of 1960 as in the same period of 1959. Earnings reports of eight major retail-food chains indicate that their total net profits were slightly higher in 1960.

Variations in operating costs incurred by marketing firms have accounted for much of the change in the farm-retail spread. This close relation is shown by comparing the farm-retail spread with an index of the principal costs--unit labor costs, rail freight rates, prices of fuel, containers, packaging materials, equipment, etc. (See cover chart.)

Small increases in marketing charges are expected again this year. Wages are likely to rise again, but greater output per man-hour is expected to keep unit labor costs from rising proportionately. Trans-

^{1/} The "market basket" contains the average quantities of farm-produced food products purchased per family in 1952 for consumption at home by urban wage-earner and clerical-worker families. Additional information concerning the contents of the market basket and methods of estimating market-basket data are given in Farm-Retail Spreads for Food Products, U. S. Dept. Agr., Misc. Pub. 741, 1957. The farm-retail spread is the difference between the retail price paid by the consumer and the farm value, the payment to the farmer for equivalent farm products. It is an estimate of the charges made by marketing agencies for assembling, processing, transporting, and distributing farm food products.

Table 1.--The farm food market basket: Retail cost, farm value, farm-retail spread, and farmer's share of retail cost, 1947-60 1/

Year and month	Retail cost <u>2/</u>	Farm value <u>3/</u>	Farm-retail spread	Farmer's share
	Dollars	Dollars	Dollars	Percent
1947-49 average	940	466	474	50
1950	920	432	488	47
1951	1,024	497	527	49
1952	1,034	482	552	47
1953	1,003	445	558	44
1954	986	421	565	43
1955	969	395	574	41
1956	972	390	582	40
1957	1,007	401	606	40
1958	1,064	430	634	40
1959	1,040	398	642	38
1960 <u>4/</u>	1,052	408	644	39
<u>1959</u>				
April	1,037	407	630	39
May	1,035	399	636	39
June	1,050	400	650	38
July	1,052	395	657	38
August	1,038	395	643	38
September	1,044	399	645	38
October	1,037	391	646	38
November	1,031	385	646	37
December	1,032	383	649	37
<u>1960</u>				
January	1,030	387	643	38
February	1,028	394	634	38
March	1,032	412	620	40
April	1,053	416	637	40
May	1,054	411	643	39
June	1,060	406	654	38
July	1,063	409	654	38
August	1,055	402	653	38
September	1,054	404	650	38
October	1,061	413	648	39
November	1,064	421	643	40

1/ The farmer's share and index numbers of the retail cost, farm value, and farm-retail spread for the years 1913-56 are published in Farm-Retail Spreads for Food Products, U.S. Dept. Agr. Misc. Pub. 741, 1957.

2/ Retail cost of average quantities of farm foods purchased per urban wage-earner and clerical-worker family in 1952, calculated from retail prices collected by the Bur. Labor Statistics.

3/ Payment to farmers for equivalent quantities of farm produce minus imputed value of byproducts obtained in processing.

4/ Preliminary estimates.

: Current data are given in the Statistical Summary, :
: a monthly publication of the Agricultural Marketing Service. :

Table 2.--The market basket of farm food products: Annual average retail cost, farm value, farm-retail spread, and farmer's share, 1959 and 1960

Product group	12-month	12-month	Change -	
	average	average	1960 from 1959	
	1959	1960	Actual	Percentage
	Dollars	Dollars	Dollars	Percent
Retail cost				
Market basket	1,040.20	1,051.70	11.50	1
Meat products	281.08	275.33	-5.75	-2
Dairy products	195.24	199.57	4.33	2
Poultry and eggs	85.88	90.29	4.41	5
Bakery and cereal products	161.15	164.51	3.36	2
All fruits and vegetables	230.60	237.29	6.69	3
Fats and oils	42.74	40.74	-2.00	-5
Miscellaneous products	43.50	43.97	.47	1
Farm value				
Market basket	398.27	408.12	9.85	2
Meat products	146.89	145.07	-1.82	-1
Dairy products	87.11	88.83	1.72	2
Poultry and eggs	50.31	55.89	5.58	11
Bakery and cereal products	27.88	28.30	.42	2
All fruits and vegetables	68.00	71.71	3.71	5
Fats and oils	10.79	11.14	.35	3
Miscellaneous products	7.28	7.19	-.09	-1
Farm-retail spread				
Market basket	641.93	643.58	1.65	1/
Meat products	134.19	130.26	-3.93	-3
Dairy products	108.13	110.74	2.61	2
Poultry and eggs	35.57	34.40	-1.17	-3
Bakery and cereal products	133.27	136.21	2.94	2
All fruits and vegetables	162.60	165.58	2.98	2
Fats and oils	31.95	29.60	-2.35	-7
Miscellaneous products	36.22	36.78	.56	2
Farmer's share of retail cost				
	Percent	Percent	Percentage point	
Market basket	38	39	1	
Meat products	52	53	1	
Dairy products	45	45	0	
Poultry and eggs	59	62	3	
Bakery and cereal products	17	17	0	
All fruits and vegetables	29	30	1	
Fats and oils	25	27	2	
Miscellaneous products	17	16	-1	

1/ Less than 0.5 percent.

portation costs will average a little higher this year than in 1960, unless the increases in rail freight rates that became effective October 24, 1960, are offset by selective rate reductions. Prices of containers and packaging material, machinery and equipment, motor trucks, and many other items

bought by marketing firms have been stable in recent months. Most costs of marketing food products are not expected to change much this year. State and local taxes, however, will increase again in 1961.

Farm Value Increases 2 Percent

The farm value of the foods in the market basket rose from an average annual rate of \$398 in 1959 to \$408 in 1960 (table 1). ^{2/} This 2-percent increase came after a relatively sharp drop in 1959. The average farm value for 1960 was 6 percent below the 1950 level.

Most of the increase in the farm value last year was in the fruits and vegetables and poultry and eggs groups. The dairy products group also was up slightly. Meat products were down 1 percent from 1959. Farm values of the bakery and cereal products, fats and oils, and miscellaneous products groups were about the same as in 1959.

In the first and second quarters of last

year, the farm value increased more than seasonally. After declining in the third quarter, it rose 3 percent in the fourth quarter and averaged 8 percent higher than in the same quarter of 1959. Usually the farm value decreases about 3 percent in the last quarter.

The farm value probably will average about the same this year as in 1960. Cattle prices are expected to average below those in 1960. Although hog prices are expected to be above year-ago levels until about midyear, prices in the second half of 1961 are likely to be below those in the second half of 1960. Egg prices in the next few months are expected to average higher than a year ago.

Retail Cost Up 1 Percent

The retail cost of the market basket of farm foods rose 1 percent from 1959 to 1960. ^{3/} At \$1,052 (annual rate) it was the second highest on record, topped only by the 1958 retail cost. Increases in the

retail cost of fruits and vegetables, bakery and cereal products, poultry and eggs, and dairy products were partially offset by decreases in meat products and fats and oils groups (table 2).

Farmer's Share Increases for First Time Since 1951

Farmers received 39 cents of the dollar consumers spent for farm foods in the family market basket in 1960, 1 cent more than in 1959, and the first increase since 1951. From 1951 to 1956, the farmer's share declined from 49 cents to 40 cents. In 1959 it dropped to 38 cents, the lowest

annual average since 1939.

During the first, second, and fourth quarters of last year the farmer's share was 39 cents. In the third quarter, it averaged 38 cents. In the fourth quarter of 1959, it was 37 cents.

^{2/} The farm value is the payment to farmers for the farm products equivalent to foods in the market basket.

^{3/} The retail cost of the market basket of farm foods is less than the retail cost of all foods bought per family. The market basket of farm foods does not include imported foods, fishery products, and other foods of nonfarm origin, or cost of meals purchased in public eating places.

Changes in Annual Averages, 1959 to 1960, by Product Groups

Meat Products.--The annual average farm value of the meat products group declined from \$147 in 1959 to \$145 in 1960, and the retail cost dropped about \$6. The combination of these decreases resulted in a 3-percent decrease in the farm-retail spread (table 2). This was the only major group to show a decrease in farm value last year, and 1960 was the second year in a row that the farm value of the meat products group decreased. Lower farm values for beef and lamb were the major causes. The decreases in these two items were nearly offset by a 9-percent increase in the farm value of pork. During 1960, prices received by farmers for beef cattle increased until May, then declined steadily until October, and recovered mildly in November and December. Prices of hogs increased almost 50 percent from December 1959 to October 1960. In December 1960, hog prices were 43 percent above a year earlier.

Retail price of beef, pork, and lamb decreased in 1960. The farm-retail spread for pork (retail cuts) declined 9 percent, but spreads for beef and lamb increased slightly (tables 25 and 26, pp. 48 and 49). (For further discussion of costs and margins for meat products, see the first article in this issue, p. 9.)

Dairy Products.--The annual average retail cost of the dairy products group increased 2 percent in 1960, to a new high average annual rate of \$200. The farm value and farm-retail spread also increased 2 percent each. The spread has increased each year since 1950. The farmer's share of the consumer's dollar spent for dairy products remained at 45 cents. The farm value of each of the major dairy products averaged higher in 1960 than in 1959 (tables 25 and 26). Percentage increases were largest for American processed cheese and evaporated milk and smallest for butter and ice cream. Marketing charges decreased from 1959 to 1960 for butter and ice cream but increased for the other products. (More information is given in an article on p. 23.)

Poultry Products.--A 3-percent reduction in the farm-retail spread of the poultry and eggs group from 1959 to 1960 brought it to the lowest level in more than 10 years. The farm value of the group increased from \$50 in 1959 to \$56 in 1960, or 11 percent. The farm-retail spread absorbed part of this \$6 increase, but most of it was passed on to consumers. The retail cost rose 5 percent. The farmer's share of the retail cost in 1960 was 62 percent, compared with 59 percent in 1959.

Retail and farm values of both frying chickens and eggs averaged higher in 1960 than in 1959, but marketing margins for both were lower in 1960 than in 1959. (Marketing margins for eggs and frying chickens are considered more fully on p. 15.)

Bakery and Cereal Products.--Both the farm value and farm-retail spread of the bakery and cereal products group increased 2 percent from 1959 to 1960, so the retail cost also increased 2 percent. The most significant increase among individual products in the group was the 3-percent increase in the retail price of bread. Flour and rolled oats showed substantial increases in retail price. (Costs and margins for bread are discussed in an article on p. 30.)

Fruits and Vegetables.--The retail cost of the all fruits and vegetables group rose from \$231 in 1959 to a new high of \$237 in 1960, and the farm value increased from \$68 to \$72, both resulting in a 2-percent increase in the farm-retail spread. Fresh fruits and vegetables accounted for these increases, as the retail cost and farm value of processed fruits and vegetables declined. Among the fresh items, retail prices and farm values of apples, oranges, grapefruit, and potatoes were considerably higher in 1960 than in 1959; those for onions were considerably lower. Canned orange juice and frozen orange concentrate showed the largest decreases among the processed items. (More information on fruits and vegetables is contained in the article on p. 37.)

Fats and Oils.--The retail cost of the fats and oils group decreased in 1960 for the third consecutive year. This decrease left the 1960 retail cost 22 percent lower than the 1947-49 average. A 3-percent increase in the farm value from 1959 to 1960 halted a 2-year decline. The farm-retail

spread in 1960 was 7 percent lower than in 1959 and was 9 percent below the 1947-49 average. Sharply lower retail prices for shortening and margarine were the main reasons for the lower retail cost of the group.

PRICE SPREADS FOR BEEF AND PORK ^{1/}

: Farm-retail price spreads for U. S. Choice grade beef reached :
 : a new record in 1960, about 1 percent higher than in 1959. Spreads :
 : for pork (retail cuts), on the other hand, decreased about 9 percent :
 : in 1960 to 27.1 cents from the record 29.8 cents per retail pound set :
 : in 1959. ^{2/} :

: Annual average retail prices for both beef and pork in 1960 were :
 : down slightly from the 1959 levels. During the same period farm :
 : values for Choice grade beef decreased while those for pork increased. :
 :

Beef

Farm Value, Retail Price, and Farmer's Share paced farm values.

The farm value of U. S. Choice grade beef in 1960 averaged 48.7 cents per retail pound (table 3), 2.4 cents below the 1959 average. During the 1949-60 period, the net farm value ranged from 65.8 cents in 1951 to 39.8 cents in 1956 (fig. 1).

Farmers received an average of 60 cents of the consumer's dollar spent for Choice beef in 1960, 2 cents less than in 1959. During the 1949-60 period, the farmer's share varied from 75 cents in 1951 to 60 cents in 1956.

The annual average retail price for Choice beef in 1960 was 80.7 cents per pound, 2.1 cents below the 1959 level, but 14.7 cents above the annual average in 1956, the low for the 1949-60 period. The decrease in both farm value and retail price in 1960 was influenced primarily by increased cattle slaughter, which was 10 percent larger in 1960 than in 1959. Retail prices during 1949-60 out-

Farm-Retail Spreads

Farm-retail price spreads for U. S. Choice grade beef increased from an annual average of 31.7 cents per pound (retail weight) in 1959 to a new record high of 32.0 cents in 1960 (table 3). During 1949-60, spreads rose every year except in 1954 (fig. 1), with an average annual increase of 1.2 cents per retail

^{1/} Prepared by Victor B. Phillips, agricultural economist, Marketing Economics Research Division, Agricultural Marketing Service.

^{2/} The farm-retail price spread or marketing margin is the difference between the price per pound the consumer pays for beef or pork at retail and the farm value or payment the farmer receives for an equivalent quantity of live animal less a byproduct allowance. It is a gross return to marketing agencies for the distributing and processing services required to move live animals from the farm and to convert them to meat in the consumer's hands.

Table 3.--Beef (U. S. Choice grade): Retail price per pound, net farm value, farm-retail spread, and farmer's share of the retail price, by quarters, 1959-60

Period	Retail price	Net farm value ^{1/}	Farm-retail spread ^{2/}	Farmer's share
	Cents	Cents	Cents	Percent
1959				
Jan.-Mar.	83.0	52.3	30.7	63
Apr.-June	83.4	53.1	30.3	64
July-Sept.	82.6	50.6	32.0	61
Oct.-Dec.	82.1	48.4	33.7	59
Average.	82.8	51.1	31.7	62
1960				
Jan.-Mar.	81.2	50.3	30.9	62
Apr.-June	81.7	50.2	31.5	61
July-Sept.	80.1	46.5	33.6	58
Oct.-Dec. ^{3/}	79.7	47.7	32.0	60
Average ^{3/}	80.7	48.7	32.0	60

- ^{1/} Gross farm value of 2.16 pounds of Choice grade cattle less byproduct allowance.
^{2/} 2.16 pounds of Choice grade cattle yields 1 pound of beef at retail.
^{3/} Difference between the retail price paid by the consumer and the farm value.
^{3/} Preliminary.

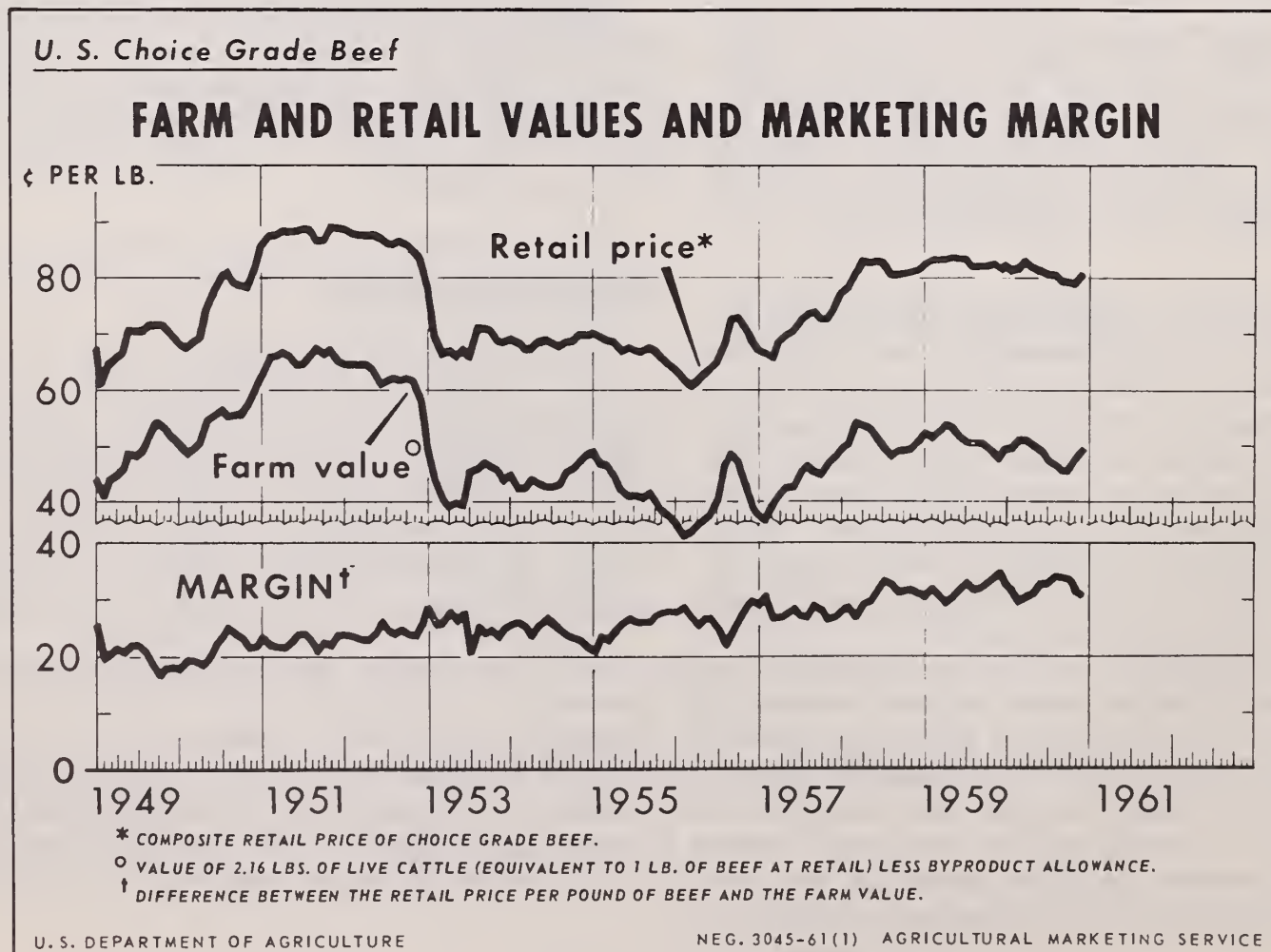


Figure 1

Table 4.--Beef (Choice grade): Live-wholesale and wholesale-retail spreads, by quarters, 1959-60 ^{1/}

Quarter	Live-wholesale (per 100 pounds live weight)					Wholesale-retail (per 100 pounds carcass weight)		
	Price of steers 2/ Dollars	Wholesale value			Spread Dollars	Wholesale price 4/ Dollars	Retail value 5/ Dollars	Spread Dollars
		Carcass 3/ Dollars	Byproducts Dollars	Total Dollars				
1959								
Jan.-Mar.	27.96	28.04	2.41	30.45	2.49	47.53	66.40	18.87
Apr.-June	28.83	28.30	2.90	31.20	2.37	47.96	66.72	18.76
July-Sept.	27.62	27.32	2.82	30.14	2.52	46.31	66.08	19.77
Oct.-Dec.	26.06	26.32	6/2.31	6/28.63	6/2.57	44.61	65.68	21.07
Average	27.62	27.50	6/2.61	6/30.11	6/2.49	46.60	66.24	19.64
1960 7/								
Jan.-Mar.	26.53	27.01	2.19	29.20	2.67	45.78	64.96	19.18
Apr.-June	26.86	27.16	2.33	29.49	2.63	46.03	65.36	19.33
July-Sept.	25.01	25.60	2.25	27.85	2.84	43.39	64.08	20.69
Oct.-Dec.	25.28	25.26	2.21	27.47	2.19	42.81	63.76	20.95
Average	25.92	26.26	2.24	28.50	2.58	44.50	64.56	20.06

^{1/} Quarterly data for 1949-55 are published in Beef Marketing Margins and Costs, U.S. Dept. Agr. Misc. Pub. 710, Feb. 1956, tables 1 and 3.

^{2/} Weighted average of prices at 20 leading public stockyards.

^{3/} Wholesale carcass value is 59 percent of average wholesale price of 100 pounds of Choice grade carcass beef.

^{4/} Weighted average of prices of Choice grade carcass beef in New York, Chicago, Los Angeles, San Francisco, and Seattle.

^{5/} Calculated from average of prices of beef cuts in urban areas, published by Bur. Labor Statistics. The retail value per 100 pounds carcass weight is 80 percent of average retail cost of 100 pounds of retail cuts, because about 20 pounds of a 100-pound carcass is fat, bone, and trim which is sold by retailers at nominal prices.

^{6/} Revised.

^{7/} Oct.-Dec. and annual averages are preliminary.

pound. In 1960, more of the increase was in the wholesale retail segment than in the live-wholesale, though the percentage increase was larger for the live-wholesale segment (table 4).

Changes in retail prices of both beef and pork tend to lag behind changes in wholesale prices and wholesale prices tend to lag behind live animal prices. For this reason, seasonal and cyclical changes in live animal prices generally are accompanied by inverse changes in price spreads. For example, the decrease of 3.7 cents in the farm value of beef from the second to the third quarter of 1960 was accompanied by a decrease of only 1.6 cents in the retail price and an

increase of 2.1 cents in the spread. The upward trend in the spread during 1949-60 resulted from rising costs of labor, transportation, and other items that make up the spread.

Live - Wholesale and Wholesale - Retail Spread

The live-wholesale and wholesale-retail spreads -- the components of the farm-retail price spread -- trended upward during the 1949-60 period.

Live-wholesale price spreads for U.S. Choice grade beef averaged \$2.58 per 100 pounds live weight in 1960, 9 cents more

than in 1959 (table 4). 3/ During 1949-60, 100 pounds (carcass weight) higher in there was a slight upward trend, and on 1960 than in 1959. This increase pushed an annual basis, these spreads ranged the annual average spread to a new high from a low of \$2.14 per 100 pounds live of \$20.06 (table 4). 4/ The wholesale-weight in 1950 to a high of \$2.94 in 1953. retail spread, unlike the live-wholesale, showed a marked upward trend during

Wholesale-retail spreads for U. S. 1949-60. It ranged from a low of \$11.94 Choice grade beef averaged 42 cents per in 1949 to a high of \$20.06 in 1960.

Pork

Farm Value, Retail Price, and Farmer's Share Farm-Retail Spread

The farm value of pork increased from an average of 27.3 cents per retail pound in 1959 to 29.4 cents in 1960 (table 5). 5/ The primary factor was a drop of about 3 percent in hog slaughter from 1959 to 1960. During the 1949-60 period, the farm value ranged from 41.0 cents per retail pound in 1953 to 27.2 cents in 1956 (fig. 2).

Retail prices of pork in 1960 lagged behind rising farm values. They averaged 56.5 cents per pound, 0.6 cent below the 1959 level. The annual average retail price for pork during the 1949-60 period reached a low of 52.1 cents in 1956, and a high of 64.8 cents in 1954 and 1958 (fig. 2).

In 1960, farmers received 52 cents of the consumer's dollar spent for pork products, 4 cents more than in 1959. This increase in the farmer's share in 1960 resulted from an increase in the farm value and a decrease in the farm-retail spread.

Farm-retail price spreads for pork in 1960 averaged 27.1 cents per pound compared with the record high of 29.8 cents in 1959 (table 5).

The drop of 2.7 cents was the largest year-to-year percentage decrease since 1945 and the largest cents-per-pound decrease since 1932.

During 1960, prices received by farmers for hogs increased while the annual average retail price of pork decreased, resulting in a narrowing of the farm-retail price spread, most of which was in the retail segment.

Three important characteristics of prices and spreads for hogs and pork during 1949-60 are shown in figure 2: (1) Spreads gradually widened; (2) changes in retail prices tended to lag behind changes in farm prices; and (3) during the short run this lag caused an inverse relation between prices and spreads--when prices rose sharply, spreads narrowed; when prices dropped, spreads widened.

3/ The live-wholesale spread is the difference between the average public stockyard price per 100 pounds for Choice grade live steers, and the average value of 59 pounds of carcass beef plus the byproducts (heart, liver, tallow, hide, etc.).

4/ The wholesale-retail spread is the difference between the average wholesale carcass price per 100 pounds of U. S. Choice grade beef and the retail value of 80 pounds of retail cuts. (About 20 pounds of a 100-pound carcass is fat, bone, and trim which the retailer sells at nominal prices.) This spread or margin covers the services retailers provide in fabricating carcasses into smaller cuts suitable for retail trade.

5/ The farm value is the payment farmers received for the quantity of live hog equivalent to 1 pound of pork in the retail store, less a byproduct allowance. It is the price per pound received by farmers calculated on a retail-weight basis.

Table 5.--Pork (retail cuts): Retail price per pound, farm value, farm-retail spread, and farmer's share of retail price, by quarters, 1959-60

Period	Retail price	Net farm value ^{1/}	Farm-retail spread ^{2/}	Farmer's share
	Cents	Cents	Cents	Percent
1959				
Jan.-Mar.	59.1	29.7	29.4	50
Apr.-June	58.2	29.5	28.7	51
July-Sept.	57.3	26.7	30.6	47
Oct.-Dec.	53.8	23.2	30.6	43
Average.	57.1	27.3	29.8	48
1960				
Jan.-Mar.	52.3	25.3	27.0	48
Apr.-June	56.2	29.7	26.5	53
July-Sept.	59.1	30.8	28.3	52
Oct.-Dec. ^{3/}	58.6	31.6	27.0	54
Average ^{3/}	56.5	29.4	27.1	52

^{1/} Gross farm value of 1.82 pounds of live hog less allowance for lard and inedible byproducts.

^{2/} Difference between retail price and net farm value.

^{3/} Preliminary.

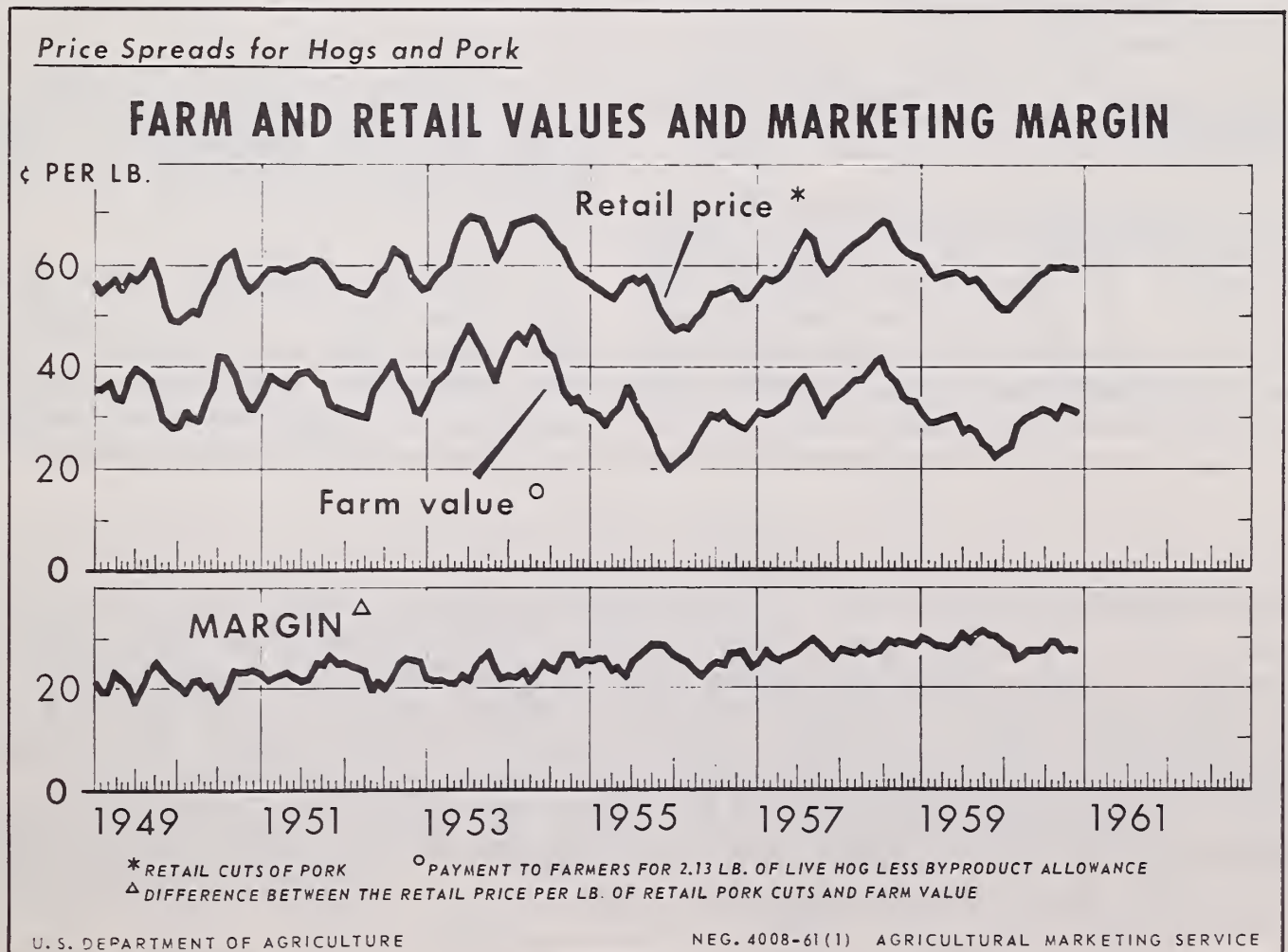


Figure 2

Table 6.--Pork: Live-wholesale and wholesale-retail spreads, by quarters, 1959-60 ^{1/}

Quarter	Live-wholesale (per 100 pounds live weight)			Wholesale-retail (per 100 pounds major cuts)		
	Price of hogs ^{2/}	Wholesale value ^{3/}	Spread	Wholesale value ^{4/}	Retail value ^{5/}	Spread
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
1959						
Jan.-Mar.	16.66	22.17	5.51	41.61	58.86	17.25
Apr.-June	16.85	21.96	5.11	41.71	58.01	16.30
July-Sept.	14.47	20.54	6.07	39.54	56.97	17.43
Oct.-Dec.	12.88	19.01	6.13	36.37	53.52	17.15
Average	15.22	20.92	5.70	39.81	56.84	17.03
1960						
Jan.-Mar.	14.27	19.68	5.41	38.02	52.05	14.03
Apr.-June	16.94	21.82	4.88	41.79	55.96	14.17
July-Sept.	17.40	22.65	5.25	42.96	58.88	15.92
Oct.-Dec. ^{6/}	18.00	23.20	5.20	43.49	58.28	14.79
Average ^{6/}	16.65	21.84	5.19	41.56	56.29	14.73

^{1/} Quarterly data for 1949-55 are published in Pork Marketing Margins and Costs, U.S. Dept. Agr. Misc. Pub. 711, Apr. 1956, tables 1 and 2.

^{2/} Average price of 200-220 pound barrows and gilts, Chicago.

^{3/} Wholesale value at Chicago of 71 pounds of pork and lard obtained from 100 pounds of live hog.

^{4/} Wholesale value of 100 pounds of major pork cuts at Chicago computed from Live-stock Market News and National Provisioner price quotations of individual cuts.

^{5/} Calculated from average retail prices of major pork cuts in urban areas, published by Bur. Labor Statistics.

^{6/} Preliminary.

Live - Wholesale and Wholesale - Retail Spreads

Live-wholesale price spreads for pork in 1960 averaged \$5.19 per 100 pounds liveweight, 51 cents lower than in 1959 (table 6). ^{6/} This was the largest year-to-year decrease in live-wholesale spreads during 1949-60, the period for which data are available. Occasionally, year-to-year, and more often month-to-month decreases

in spreads are associated with rising prices of hogs. Hog prices in 1960 rose by more than 9 percent over those in 1959.

In 1960, the wholesale-retail spread for pork averaged \$14.73 per 100 pounds compared with the record \$17.03 set in 1959 (table 6). ^{7/} This year-to-year decrease of \$2.30 was the largest recorded during the 1949-60 period.

^{6/} The live-wholesale price spread (or packer spread) for pork is the difference between the live-weight price of hogs per 100 pounds and the wholesale value of 47 pounds of major fresh and cured cuts which include hams, loins, picnics, butts, and spareribs, about 9 pounds of minor edible products, such as neck bones, trimmings, fat, head meat, heart, and liver, and 15 pounds of lard. These quantities are approximate yields of wholesale products from 100 pounds of live hog.

^{7/} The wholesale-retail price spread or retailer spread is the difference between the average wholesale price of 100 pounds of fresh and cured pork products and the value of an equivalent quantity at retail.

MARKETING SPREADS FOR EGGS AND FRYING CHICKENS IN
THE UNITED STATES AND SELECTED CITIES 1/

:
: Farm-retail spreads in the United States decreased 4 percent for eggs:
: and about 3 percent for frying chickens from 1959 to 1960. Prices paid by:
: urban consumers for both eggs and frying chickens increased, but farm:
: values for both commodities also increased and by larger amounts. Because:
: of the bigger increases in farm values, farm shares of the retail dollars:
: spent for eggs and frying chickens in 1960 were higher than in 1959. This:
: article describes recent changes in prices and price spreads for eggs and:
: frying chickens in the United States and in 10 selected cities. :
:

Eggs

Prices of eggs sold to consumers by retail stores in urban communities in the United States averaged nearly 8 percent higher in 1960 than in 1959, but farm values increased by more than 14 percent (table 7). 2/ The resulting farm-retail spreads declined 0.8 cent a dozen in 1960. The farm share of the retail price was 4 percentage points higher in 1960, due largely to the bigger increase in farm values.

Increases in egg prices in 1960 were caused largely by reduced supplies. The average of weekly volumes of eggs moved into commercial channels during 1960 was lower than in 1959. 3/ Per capita egg consumption continued a downward trend in 1960, and was the lowest recorded since

1942. 4/ There were fewer laying hens on farms during the year, and total egg production was lower, despite a higher average rate of lay per bird than in 1959.

Marketing Spreads for Grade A Large Eggs in 10 Large Cities 5/

Farm-retail spreads on Grade A large eggs in 10 major cities in the United States averaged 23.4 cents a dozen in 1960--a decrease of 1.1 cents from 1959 (table 8). 6/ This reduction resulted from decreases in the retail store and receiver-retailer spreads, which were partly offset by an increase in the farm-receiver spread (fig. 3). 7/ Ten-city averages of prices at all market levels increased from 1959 to 1960.

1/ Prepared by Leo R. Gray, agricultural economist, and William L. Mitchell, agricultural marketing specialist, Marketing Economics Research Division, Agricultural Marketing Service.

2/ The farm value is the average payment received by producers for 1.03 dozen eggs.

3/ The definition of commercial egg assemblers used in the "Commercial Egg Movement Report" includes all firms that receive eggs from producers and that handle 400 or more cases of eggs per week from all sources. This report is published weekly by the USDA Dairy and Poultry Market News Branch.

4/ The Poultry and Egg Situation, PES-210, November 1960.

5/ This section is based partly on information from a study of monthly price spreads for eggs and poultry in selected large cities. Data were compiled from reports of the Bureau of Labor Statistics, the USDA Dairy and Poultry Market News Branch, and private business firms. Previous reports of this study are contained in similar articles on eggs and poultry; see each January issue, beginning 1957, of The Marketing and Transportation Situation.

6/ The terms "price spreads" and "margins" are used interchangeably.

7/ Data in figure 3 are for all of the 10 cities except Washington, D. C.

Table 7.--Eggs and frying chickens: Retail price, farm value, farm-retail spread, and farmer's share of the retail price, United States urban areas, annual 1950-60, by months January 1959-November 1960

Year and month	Eggs				Chickens (broilers and fryers, ready-to-cook)			
	Retail	Farm	Farm-	Farmer's	Retail	Farm	Farm-	Farmer's
	price	value	retail		price	value	retail	
	per dozen	2/	spread		per pound	3/	spread	
	1/				1/			
	Cents	Cents	Cents	Percent	Cents	Cents	Cents	Percent
1950	57.1	38.0	19.1	67	57.0	37.4	19.6	66
1951	69.7	49.4	20.3	71	59.7	39.0	20.7	65
1952	63.6	43.2	20.4	68	60.0	39.7	20.3	66
1953	66.8	49.0	17.8	73	58.5	37.0	21.5	63
1954	56.2	37.5	18.7	67	52.8	31.6	21.2	60
1955	58.1	40.1	18.0	69	54.8	34.6	20.2	63
1956	57.7	39.8	17.9	69	47.8	26.9	20.9	56
1957	54.9	36.6	18.3	67	46.7	25.9	20.8	55
1958	57.9	39.5	18.4	68	46.1	25.4	20.7	55
1959 4/ . .	50.8	32.1	18.7	63	42.0	22.0	20.0	52
1960 5/ . .	54.7	36.8	17.9	67	42.7	23.3	19.4	55
1959 4/								
January. . .	56.4	37.8	18.6	67	42.9	23.3	19.6	54
February . .	54.7	37.0	17.7	68	43.5	23.0	20.5	53
March. . . .	53.0	35.2	17.8	66	43.6	23.2	20.4	53
April. . . .	46.6	29.1	17.5	62	42.7	22.3	20.4	52
May.	43.7	26.0	17.7	59	42.1	21.6	20.5	51
June	42.4	26.0	16.4	61	41.4	21.6	19.8	52
July	50.4	31.3	19.1	62	42.4	22.1	20.3	52
August . . .	51.0	32.0	19.0	63	41.5	21.4	20.1	52
September. .	54.8	34.0	20.8	62	41.7	21.1	20.6	51
October. . .	53.3	32.8	20.5	62	40.6	20.4	20.2	50
November . .	52.1	32.4	19.7	62	40.8	20.3	20.5	50
December . .	51.1	31.9	19.2	62	40.9	23.8	17.1	58
1960								
January. . .	49.6	30.5	19.1	61	42.5	23.4	19.1	55
February . .	47.2	29.8	17.4	63	43.2	24.2	19.0	56
March. . . .	48.5	33.3	15.2	69	44.2	24.8	19.4	56
April. . . .	54.1	37.1	17.0	69	44.0	24.2	19.8	55
May.	51.3	33.7	17.6	66	43.1	24.4	18.7	57
June	49.4	32.1	17.3	65	42.7	24.1	18.6	56
July	49.5	32.4	17.1	65	43.8	24.5	19.3	56
August . . .	52.8	35.2	17.6	67	43.0	22.7	20.3	53
September. .	59.2	39.8	19.4	67	42.2	22.1	20.1	52
October. . .	65.7	44.7	21.0	68	41.0	21.9	19.1	53
November . .	65.1	47.0	18.1	72	41.4	21.6	19.8	52

1/ Estimated average prices of all eggs or frying chickens sold to consumers in retail stores in urban communities, based on prices collected by the Bur. of Labor Statistics. 2/ Average payments received by producers for 1.03 dozen eggs. 3/ Payment to producers for 1.37 pounds of live weight chicken, the equivalent of 1 pound ready-to-cook weight. 4/ Revised. 5/ Preliminary.

Table 8.--Eggs, Grade A or better quality, large and medium: Prices per dozen and price spreads at various market levels, 10-city average 1959 and 1960, selected cities 1960

Item	10-city average		Boston	New York	Baltimore	Washington D.C.
	1959	1960				
	Cents	Cents	Cents	Cents	Cents	Cents
<u>Large:</u>						
Prices:						
Retail	55.0	59.4	65.9	63.4	61.5	65.2
To retailers	44.9	50.2	53.7	50.6	53.6	53.2
To city receivers. . .	35.5	41.3	45.4	41.8	41.5	44.1
Farm 1/.	30.5	36.0	43.1	35.0	35.5	38.5
Spreads:						
Farm-retail.	24.5	23.4	22.8	28.4	26.0	26.7
Retail store	10.1	9.2	12.2	12.8	7.9	12.0
Farm-retailer.	14.4	14.2	10.6	15.6	18.1	14.7
Receiver-retailer. . .	9.4	8.9	8.3	8.8	12.1	9.1
Farm-receiver.	5.0	5.3	2.3	6.8	6.0	5.6
<u>Medium:</u>						
Prices:						
Retail	46.8	53.1	<u>2/</u> 59.7	54.8	<u>2/</u> 55.4	57.6
To retailers	38.0	45.0	47.9	44.1	48.4	47.3
To city receivers. . .	29.2	36.2	39.8	36.4	36.1	38.3
Farm	24.4	30.3	37.5	28.5	28.6	31.3
Spreads:						
Farm-retail.	22.4	22.8	22.2	26.3	26.8	26.3
Retail store	8.8	8.1	11.8	10.7	7.0	10.3
Farm-retailer.	13.6	14.7	10.4	15.6	19.8	16.0
Receiver-retailer. . .	8.8	8.8	8.1	7.7	12.3	9.0
Farm-receiver.	4.8	5.9	2.3	7.9	7.5	7.0
	Atlanta	Cleveland	Chicago	St. Louis	San Francisco	Los Angeles
<u>Large:</u>						
Prices:						
Retail	56.7	59.9	55.1	55.7	54.7	55.8
To retailers	47.0	51.1	50.6	48.0	47.8	46.2
To city receivers. . .	38.5	41.7	37.6	37.1	43.0	42.7
Farm 1/.	34.0	33.3	31.4	34.8	34.9	39.8
Spreads:						
Farm-retail.	22.7	26.6	23.7	20.9	19.8	16.0
Retail store	9.7	8.8	4.5	7.7	6.9	9.6
Farm-retailer.	13.0	17.8	19.2	13.2	12.9	6.4
Receiver-retailer. . .	8.5	9.4	13.0	10.9	4.8	3.5
Farm-receiver.	4.5	8.4	6.2	2.3	8.1	2.9
<u>Medium:</u>						
Prices:						
Retail	52.0	52.8	48.1	50.8	49.5	49.9
To retailers	42.4	46.0	45.5	44.2	43.3	40.8
To city receivers. . .	34.2	35.4	34.0	33.4	37.8	36.3
Farm	28.8	28.0	25.7	30.8	30.6	32.9
Spreads:						
Farm-retail.	23.2	24.8	22.4	20.0	18.9	17.0
Retail store	9.6	6.8	2.6	6.6	6.2	9.1
Farm-retailer.	13.6	18.0	19.8	13.4	12.7	7.9
Receiver-retailer. . .	8.2	10.6	11.5	10.8	5.5	4.5
Farm-receiver.	5.4	7.4	8.3	2.6	7.2	3.4

1/ Farm prices are weighted averages of prices reported in major commercial supply areas shipping eggs into the respective cities.

2/ Annual estimates based on data for fewer than 12 months.

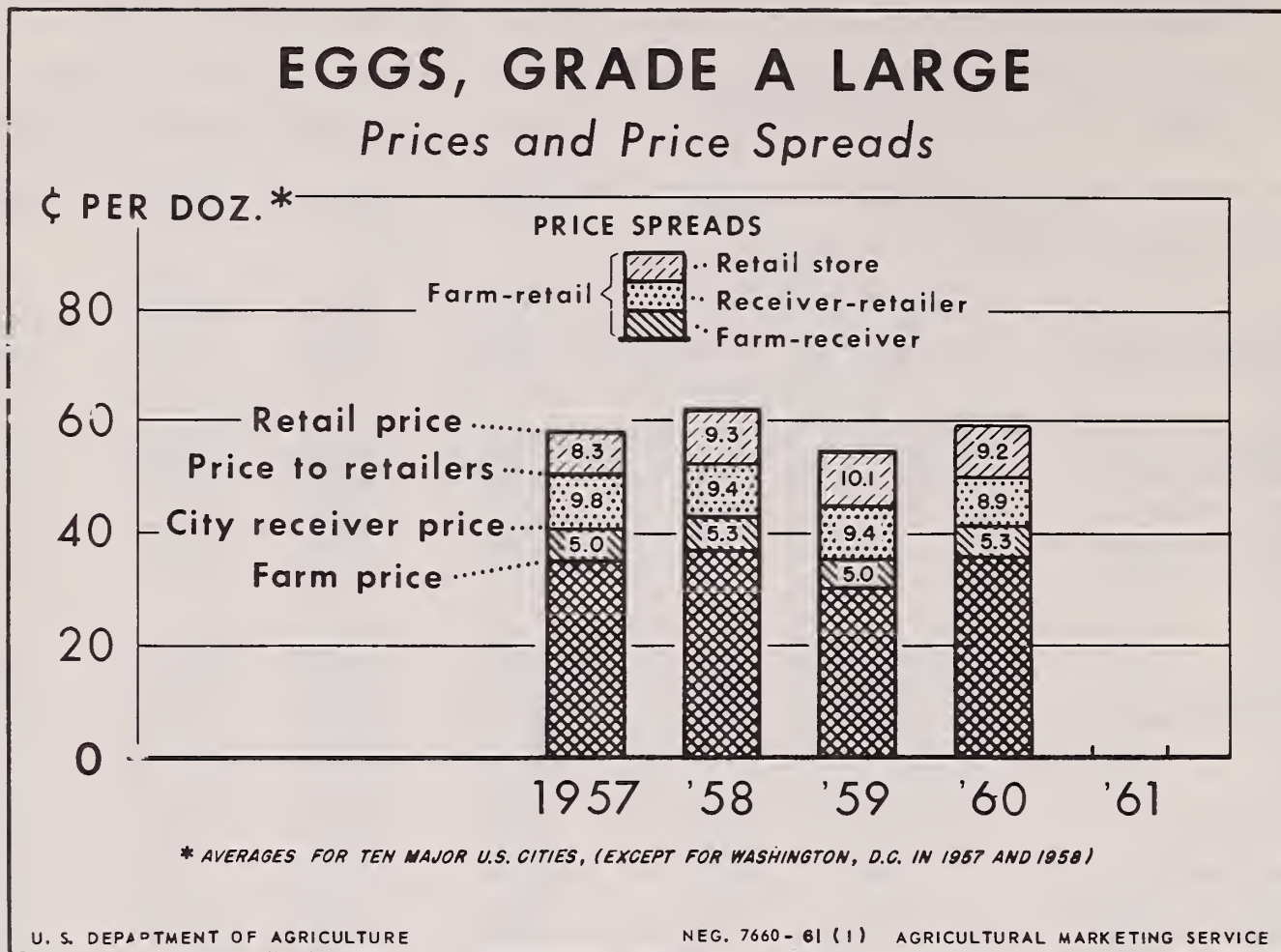


Figure 3

Farm-retail (gross) spreads decreased from 1959 to 1960 in all of the cities except Washington. In Washington, D. C., the spread increased 1.5 cents a dozen. The biggest decrease was in Los Angeles--4.2 cents a dozen.

Gross price spreads on Grade A large eggs marketed since July 1955, have continually been widest in New York and narrowest in Los Angeles. Generally, gross margins in the western cities, Los Angeles and San Francisco, have been among the narrowest, and those in the eastern cities, New York and Baltimore, have been among the widest. Relative standings of the other cities have varied. The lower margins in the two California cities may have been due partly to generally more direct marketing channels. A

study of price spreads on eggs in Trenton, N. J., showed that gross margins in that medium-size city were lower than those in New York and Baltimore, but higher than in Los Angeles and San Francisco. ^{8/}

A recent report on the Los Angeles egg market concludes that even though the organization of this market encourages efficiency in marketing operations, opportunities are available for further cost reductions. ^{9/} The report discusses broad phases of the market, including pricing techniques at various market levels.

Retail Store Spreads.--Retail store spreads narrowed from 1959 to 1960 in all of the cities except Boston and Baltimore. The biggest increase from 1959 to 1960--0.6 cent a dozen--occurred in Boston; San

^{8/} Gray, Leo R., Price Spreads, Costs, and Marketing Channels for Eggs and Poultry Sold in Trenton, N. J., U. S. Dept. of Agr., Mktg. Res. Rpt. 434, October 1960.

^{9/} Pritchard, Norris T., The Los Angeles Egg Market, U. S. Dept. of Agr., Mktg. Res. Rpt. 440, October 1960.

Francisco had the greatest decrease--3.0 cents a dozen. New York City continued to have the widest and Chicago the narrowest retail store spread of the 10 cities (table 8). Retail margins for Chicago have narrowed since 1958.

Farm-Retailer Spreads.--The 10-city average of spreads between prices paid by retailers and prices received by farmers (the farm-retailer spread) declined again in 1960. Farm-retailer spreads among the 10 cities in 1960 were widest in Chicago and continued to be narrowest in Los Angeles. A decrease of 1.7 cents a dozen from a year ago in farm-retailer spreads accounted for 40 percent of the drop in farm-retail spreads in Los Angeles.

Data indicate that cities mainly supplied with eggs from nearby producing areas (sometimes referred to as egg sheds) and with generally more direct systems of marketing to retail stores tend to have comparatively narrow farm-retailer price spreads. For example, Los Angeles, Boston, and San Francisco generally have had the narrowest farm-retailer spreads of the 10 cities since 1958. These 3 cities receive nearly all of their eggs from nearby sources in contrast to the other

7 cities. ^{10/} Furthermore, farm-retailer spreads in Atlanta have declined about 3.0 cents a dozen in the last 5 years, as the increase in nearby egg production has brought Georgia into a surplus position.

Cities for which a large proportion of the supply originates in distant areas, including the traditional midwestern "egg basket" States, have comparatively wide farm-retailer spreads. The wide spread for New York, for example, is based upon weighted averages of prices reported for nearby and midwestern eggs. Margins for nearby eggs marketed in New York were lower than the margins for the other 10 cities except Los Angeles; but margins for midwestern eggs in New York were higher than those in the other cities.

Marketing Spreads for Medium Eggs

The 10-city average of farm-retail spreads for Grade A medium eggs in 1960 was 22.8 cents a dozen, 0.4 cent more than in 1959, and 0.6 cent less than for Grade A large eggs in 1960 (table 8). Intercity differences in prices and price spreads for medium eggs were similar to those for large eggs.

Frying Chickens

Annual average farm-retail spreads for ready-to-cook frying chickens in the United States continued a downward trend by decreasing 0.6 cent a pound from 1959 to 1960 (table 7). Retail prices increased about 2 percent and farm values increased about 6 percent. Because of the bigger increase in farm values, the farm share of the retail dollar spent for frying chickens in 1960 was about 3 percentage points higher than a year ago.

Prices for fryers rose in 1960 even though supplies were larger than in 1959. The average weekly slaughter of young chickens increased about 5 percent from 1959 to 1960. Broiler chick output of com-

mercial hatcheries and average number of chicks placed weekly in 22 States were also higher in 1960 than in 1959. Increased exports and increase in prices of competing meats contributed to the increased demand for broilers.

Retailers sometimes have featured frying chickens as loss leaders at prices of 29 cents a pound or less. A recent study in Maine supermarkets attempted to measure the effects of advertised price specials during weeks when fryers were featured as low-margin or as below-cost sales items. It was reported that these promotion techniques had no significant effects on store traffic and total store dollar sales. There

^{10/} Monthly Origin of Receipts for Shell Eggs in Selected Cities, U. S. Dept. of Agr., Supplement for 1958 and 1959 to Stat. Bul. 249, December 1960.

Table 9.--Frying chickens: Prices per pound (ready-to-cook basis) and price spreads at various market levels, 10-city average 1959 and 1960 and selected cities, 1960

Item	10-city average		Boston
	1959	1960	
	Cents	Cents	Cents
Prices:			
Retail	41.2	42.3	43.9
To retailers	30.8	32.5	31.3
To city receivers.	--	29.4	30.3
Farm <u>1</u> /	22.1	23.4	24.5
Spreads:			
Farm-retail.	19.1	18.9	19.4
Retail store	10.4	9.8	12.6
Farm-retailer.	8.7	9.1	6.8
Receiver-retailer.	--	3.1	1.0
Farm-receiver.	--	6.0	5.8
	New York	Baltimore	Washington, D.C.
Prices:			
Retail	42.9	41.4	39.1
To retailers	32.3	32.7	31.3
To city receivers.	29.1	30.0	29.1
Farm <u>1</u> /	24.2	24.4	23.2
Spreads:			
Farm-retail.	18.7	17.0	15.9
Retail store	10.6	8.7	7.8
Farm-retailer.	8.1	8.3	8.1
Receiver-retailer.	3.2	2.7	2.2
Farm-receiver.	4.9	5.6	5.9
	Atlanta	Cleveland	Chicago
Prices:			
Retail.	39.8	40.2	39.1
To retailers.	30.4	31.0	32.3
To city receiver.	28.3	29.3	28.6
Farm <u>1</u> /	22.6	23.2	22.9
Spreads:			
Farm-retail	17.2	17.0	16.2
Retail store.	9.4	9.2	6.8
Farm-retailer	7.8	7.8	9.4
Receiver-retailer	2.1	1.7	3.7
Farm-receiver	5.7	6.1	5.7
	St. Louis	San Francisco	Los Angeles
Prices:			
Retail.	38.6	49.6	48.3
To retailers.	31.4	36.1	36.4
To city receivers	28.5	31.0	30.0
Farm <u>1</u> /	22.6	24.0	22.5
Spreads:			
Farm-retail	16.0	25.6	25.8
Retail store.	7.2	13.5	11.9
Farm-retailer	8.8	12.1	13.9
Receiver-retailer	2.9	5.1	6.4
Farm-receiver	5.9	7.0	7.5

1/ Farm values are weighted averages of prices reported in major commercial supply areas shipping frying chickens into the respective cities.

were, however, sizable variations in pounds of fryers sold during nonsale, below-cost-sale, and post sales weeks; thus indicating a highly elastic short-run demand for frying chickens. ^{11/} Another recent study points out that each 10 percent change in price was accompanied by a 25 to 35 percent inverse change in retail sales when advertising was used in addition to a price change, but when advertising was not used sales changed 18 percent. ^{12/}

Marketing Spreads for Fryers in 10 Large Cities

Farm-retail spreads on frying chickens in 10 major cities in the United States averaged 18.9 cents a pound in 1960--a decrease of 0.2 cent from 1959 (table 9). This decline was due to lower retail store spreads which averaged about 6 percent less than in 1959 (fig. 4). Average prices, however, were higher than in 1959 at all market levels in all cities. Farm-retail price spreads decreased in all cities, but some had increases in the farm-retailer component.

Retail Store Spreads.--Retail store spreads in 1960 averaged 0.6 cent less than in 1959 for the 10 cities. These spreads generally have declined in the 10 cities since 1958. Chicago had the narrowest and San Francisco the widest retail store spreads in 1960. The biggest change from 1959 to 1960 occurred in Los Angeles, where the retail store spread dropped 1.9

cents a pound. Retail store spreads in San Francisco in 1960 were 9.9 cents a pound less, or nearly half what they were in 1956, the first year for which a full year's data were available.

Farm-Retailer Spreads.--Farm-retailer spreads averaged 0.4 cent a pound more in 1960 than in 1959 for the 10 cities. The biggest increase occurred in San Francisco (1.2 cents a pound), while the greatest decrease was in Atlanta (0.3 cent). Farm-retailer spreads in 1960 were the same as or greater than in 1959 in all cities except Atlanta and Cleveland.

Farm-receiver spreads, which comprised about two-thirds of the average farm-retailer spread for the 10 cities, were about the same in 1960 as in 1959 (table 9). They were highest for Los Angeles and San Francisco. Farm-receiver spreads include markups taken by poultry processors and transportation firms involved in the marketing channels, but they may differ from marketing costs in some months; for example, the Trenton study indicated price spreads taken by processors in June 1958 were below their operating costs. ^{13/}

Receiver-retailer spreads (wholesaler's margins) reflect differences between prices paid by retail stores and prices paid by first receivers in the city. They were slightly higher in 1960 than in 1959.

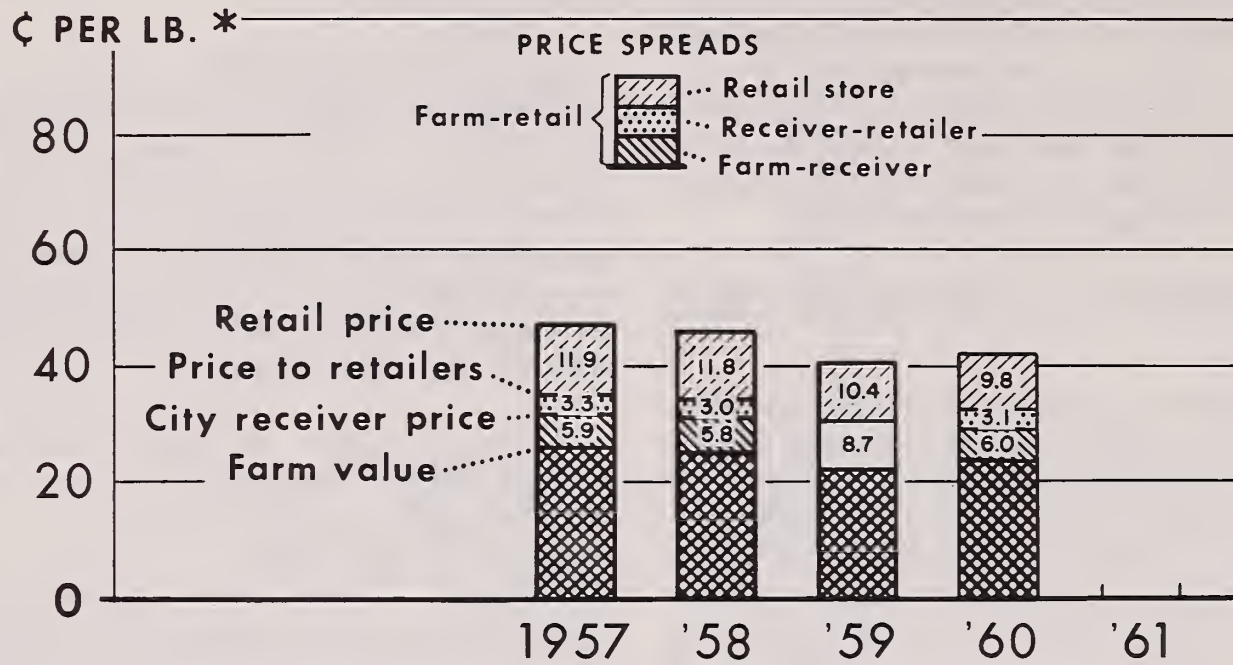
^{11/} Saunders, Richard, and Stoddard, Everett II. Effects of Fryer Specials on Supermarket Sales and Profits, Maine Agr. Expt. Sta., Orono, Maine, Misc. Pub. 643, September 1960.

^{12/} Nordhauser, F., and Farris, P. L. (Purdue University) "Low Prices Increase Total Dollars Spent for Fryers," Poultry Processing and Marketing. (Watt Publishing Co.), October 1960, p. 28.

^{13/} See publication cited in footnote 8.

FRYING CHICKENS

Prices and Price Spreads



* AVERAGE FOR TEN MAJOR U.S. CITIES, (EXCEPT FOR WASHINGTON, D.C. IN 1957 AND 1958)

U. S. DEPARTMENT OF AGRICULTURE

NEG. 7661- 61 (1) AGRICULTURAL MARKETING SERVICE

Figure 4

MARKETING MARGINS FOR DAIRY PRODUCTS 1/

:
: Annual average marketing margins for dairy products showed mixed:
: changes from 1959 to 1960: For fluid milk, cheese, and evaporated milk, :
: retail prices, marketing margins, and farm values were all higher. For :
: butter and ice cream, retail prices and marketing margins were lower, :
: but farm values were higher. Changes in container sizes resulted in lower :
: weighted prices for ice cream during the 1951-60 period. The following :
: article describes these changes. :
:

Fluid Milk

Retail prices, marketing margins, and farm values for fluid milk rose slightly during 1960. 2/ The annual average retail price paid by urban consumers was up to 25.3 cents per quart, an increase of 0.6 cent from 1959 (table 10). An increase of 0.4 cent in the marketing margin to 14.4 cents was a continuation of increases that occurred every year during the last decade, 1951-60. The farm value continued the rising trend from the 10-year low reached in 1955; in 1960 it was 10.9 cents per quart equivalent, an increase of 0.2 cent from 1959. During the 10 years, 1951-60, the retail price increased 14 percent, the farm value decreased 3 percent, and the marketing margin increased 32 percent.

No Increase in Average Price Paid by Household Consumers

In spite of increases in retail prices shown in table 10, which are mainly for single-quart sales, the weighted average of prices paid by consumers has changed little in recent years. Increases in prices of milk in individual sizes of containers have been offset by shifts in purchases to

lower per-quart priced containers, products, and place of purchase. These shifts have been from quart to half-gallon containers, from premium priced milk to regular homogenized milk, and from home delivery to store purchases. In each instance, consumers have substituted a lower for a higher priced product. In addition, quantity discount plans for home delivered milk have come into extensive use in recent years.

Sales Value, Costs, and Margins for Fluid Milk Distributors

Stability in the weighted average of prices paid by consumers is indicated by the data in table 11. During the 1952-60 period net sales receipts per unit of product sold by fluid milk distributors have decreased slightly.

The cost of raw milk and cream declined by 13 percent from 1952 to 1960. This decline was more than offset by the 21-percent increase in milk distributors' operating expense; thus, the net margin before income taxes decreased on a per unit of product basis.

1/ Prepared by D. D. MacPherson, agricultural economist, and Helen V. Smith, statistical assistant, Marketing Economics Research Division, Agricultural Marketing Service.

2/ The terms marketing margin and farm-retail spread are used interchangeably to define the charges made by marketing agencies for assembling, processing, transporting, and distributing dairy products. These charges, in total, are the differences between the retail price and the farm value or payment farmers received for the equivalent quantity of the raw product.

Table 10.--Fluid milk: Average annual retail price per quart in urban areas, farm value, marketing margin, and farmer's share of retail price, United States, average 1947-49, and annual 1950-60 1/

Year	Retail price	Farm value	Marketing margin	Farmer's share
	Cents	Cents	Cents	Percent
1947-49	20.1	10.6	9.5	53
1950.	19.8	9.9	9.9	50
1951.	22.1	11.2	10.9	51
1952.	23.2	11.9	11.3	51
1953.	22.8	11.1	11.7	49
1954.	22.4	10.4	12.0	46
1955.	22.5	10.2	12.3	45
1956.	23.3	10.6	12.7	45
1957.	24.2	10.9	13.3	45
1958.	24.5	10.7	13.8	44
1959.	24.7	10.7	14.0	43
1960 <u>2/</u>	25.3	10.9	14.4	43

1/ Estimate of retail price is basically a single-quart price computed from data published by the Bur. of Labor Statistics. Farm value is computed from data published by the Agr. Mktg. Ser.

2/ Preliminary.

Sales value of products sold per 100 pounds of raw products processed averaged \$11.28 in 1960, up slightly from 1959. Cost of raw materials and operating ex-

penses totaled \$10.90, up slightly more than 1 percent from 1959. Net margin before payment of income taxes was 38 cents--a drop of 1 cent from 1959.

Manufactured Dairy Products

Cheese

Population growth and increased per capita consumption of whole-milk cheeses have had marked effects on wholesale prices of cheese and on prices paid to farmers for milk. In October-December 1960, wholesale prices were the highest in 7 years; wholesale prices for American cheddar cheese at Wisconsin assembly points averaged about 40.0 cents, 6 cents higher than a year earlier and the 1954-58 5-year average. On January 27, 1961, however, the price on the Wisconsin Cheese Exchange declined 4 cents a pound, bringing the market price below the level of January 1960. Prices paid to farmers for milk for cheese during October-December 1960 averaged about \$3.70 per

100 pounds, about 8 percent higher than in 1959 and nearly 9 percent higher than in 1954-58. Competition for milk has been keen. Cheese plants expanded their supply areas competing actively with butter-nonfat dry milk plants for the milk supply at the farm level; farm prices for milk rose in the major dairy manufacturing areas. The strength of the cheese market enabled cheese plants to not only maintain but to widen their margins. On the other hand, the market for butter and nonfat dry milk did not improve and manufacturers of these products had to absorb the increasing costs of milk.

Wholesale prices of cheese were above price support levels continuously for the past 17 months (August 1959-December

Table 11.--Trends in sales value, raw material costs, operating expenses, and margins per unit of product for a selected group of milk distributors, 1952, 1954, 1956-60 (1952 = 100)

Item	1952	1954	1956	1957	1958	1959	1960 1/
Net sales receipts . . .	100	94	99	98	98	99	99
Cost of raw materials :							
Raw milk and cream . . .	100	87	91	88	86	87	87
Other.	100	100	102	101	98	98	102
Total.	100	89	92	90	88	89	89
Gross margin	100	103	109	111	112	113	114
Operating expenses:							
Salaries, wages, and commissions	100	103	113	116	119	121	123
Containers	100	108	120	118	117	115	109
Operating supplies . . .	100	117	93	97	97	97	100
Rent, repairs, and depreciation.	100	114	128	134	136	134	135
Other expenses	100	106	113	111	115	113	126
Total.	100	106	114	117	118	119	121
Net margin before income taxes.	100	77	69	71	63	70	65

1/ Preliminary.

1960). This marks the first time since 1952 that the cheese market has been strong for a sustained period. Prices paid to farmers for raw milk during the last 2 months of 1959 and all of 1960 were the highest in recent years.

Some evidence, not necessarily conclusive, indicates that the improvement in the cheese market began in 1958. Cheese marketed through regular commercial channels totaled 1,166 million pounds in 1957, 1,319 million pounds in 1958, 1,325 million pounds in 1959, and 1,476 million pounds in 1960. Government purchases under price supports were 241 million pounds in 1957, 80 million pounds in 1958, 57 million pounds in 1959, and only 250,000 pounds in 1960. Prices did not respond to the in-

creasing demand in 1958 and the first 7 months of 1959 because the supply still exceeded the effective commercial market demand; prices remained at or near the price support levels. But by September 1959, there was no longer a surplus. Demand continued to improve and both wholesale prices and prices to farmers responded.

The generally stronger demand for cheese was also reflected in the retail price, marketing margin, and farm value of American processed cheese. Retail price increased from 58.2 cents in 1959 to 60.6 cents in 1960, substantially more than the year-to-year change in other recent years (table 12). More than half of this increase of 2.4 cents went to farmers; the

farm value of milk used for 1 pound of cheese increased 1.4 cents--from 28.2 in 1959 to 29.6 cents in 1960. The farm value in the October-December 1960 quarter was more than 8 percent above a year earlier. The farmer's share of the consumer's dollar spent for American processed cheese increased 1 cent to 49 cents in 1960.

In 1960, the total marketing margin increased 1.0 cent to 31.0 cents per pound. The farm-wholesale price spread increased 1.5 cents, while the wholesale-retail price spread decreased by 0.5 cent.

Butter

Retail prices of creamery butter averaged lower in 1960 than in 1959, but farm values were slightly higher. Thus, the marketing margin decreased.

The average retail price of creamery butter was 74.9 cents per pound in 1960, a decrease of 0.4 cent from 1959 (table 12). The farm value of the milk and cream required to produce a pound of butter increased from 52.5 cents to 53.1 cents. This increase probably resulted from competition for milk at the local plant level: Higher prices paid for milk for cheese resulting in higher prices for milk for butter. In the October-December 1960 quarter, the farm value was 1.5 cents higher than in the previous quarter and 0.1 cent higher than a year earlier.

The increase of 0.6 cent in the farm value from 1959 to 1960 was absorbed by the marketing system. Marketing margins for butter (the farm-retail price spread) decreased 1.0 cent--from 22.8 cents in 1959 to 21.8 cents in 1960. The wholesale-retail price spread increased from 15.6 cents to 15.8 cents, but the farm-wholesale price spread decreased from 7.2 cents to 6.0 cents.

Evaporated Milk

The average retail price of 14 1/2-ounce cans of evaporated milk was 15.7 cents in 1960, up 0.5 cent from 1959. The marketing margin was 9.4 cents, up 0.4 cent, and

the farm value of milk for 1 can was 6.3 cents, up 0.1 cent.

During the 11-year period 1950-60, production of evaporated milk declined from 2,882 million pounds to 2,125 million pounds. In 1950, 5.3 percent of total milk production was used in evaporated milk; the percentage dropped to 4.5 in 1955 and 3.4 in 1960. Per capita consumption decreased from 18.1 pounds in 1950 to 11.1 pounds in 1960.

Ice Cream

Retail prices, marketing margins, and farm values for ice cream generally were quite stable during the decade 1951-60 (fig. 5). During the first 4 years of this period farm values decreased and marketing margins increased. In the 1954-60 period retail prices fluctuated from a low of 85.4 cents to a high 87.8 cents per half gallon of vanilla and chocolate ice cream; the farm-retail spread varied from 63.3 cents to 66.0 cents and farm value from 21.3 cents to 22.7 cents. Of the total farm value all but about 2.0 cents was for dairy products. The major nondairy products were corn sirup and sugar.

For ice cream flavors other than vanilla and chocolate--mostly fruit and nut flavors--the difference between retail price and total ingredient cost is considerably smaller. For some flavors the cost of nondairy ingredients may be as much as 8 to 11 cents per half gallon.

Ice cream and other frozen dairy products are of increasing importance in the dairy industry. On a per capita basis, ice cream consumption was 17.2 pounds in 1950, 18.0 pounds in 1955, and 18.4 pounds in 1960. Of the total milk supply, frozen products utilized 5.9 percent in 1950, 6.6 percent in 1955, and 7.5 percent in 1960.

Many factors explain the increasing popularity of frozen dairy products. Chief among these are improved merchandising methods, convenience to homemakers in serving, increased refrigerator storage space in homes, increases in consumer incomes, and favorable price trends. Dur-

Table 12.--Retail and wholesale prices of principal manufactured dairy products, farm values, and marketing spreads, 1950-60

American processed cheese							
Year and quarter	United States : average retail price per pound	Processed : loaf, whole-sale price per pound, Chicago	Farm value of : equivalent quantity of milk	Farm- : retail price spread	Wholesale- : retail price spread	Farm- : wholesale price spread	Farm value as : a percentage of retail price
	Cents	Cents	Cents	Cents	Cents	Cents	Percent
1950.....	51.1	35.6	27.4	23.7	15.5	8.2	54
1951.....	58.3	42.8	33.7	24.6	15.5	9.1	58
1952.....	59.9	44.0	35.2	24.7	15.9	8.8	59
1953.....	59.6	40.7	30.8	28.8	18.9	9.9	52
1954.....	57.2	36.5	27.7	29.5	20.7	8.8	48
1955.....	57.1	36.4	27.7	29.4	20.7	8.7	49
1956.....	57.2	36.3	28.4	28.8	20.9	7.9	50
1957.....	57.6	36.5	28.8	28.8	21.1	7.7	50
1958.....	58.0	36.0	28.1	29.9	22.0	7.9	48
1959.....	58.2	36.7	28.2	30.0	21.5	8.5	48
1960 1/.....	60.6	39.6	29.6	31.0	21.0	10.0	49
Creamery butter							
	United States : average retail price per pound	Wholesale : price per pound, 92 score, Chicago	Farm value of : equivalent quantity of milk and cream	Farm- : retail price spread	Wholesale- : retail price spread	Farm- : wholesale price spread	Farm value as : a percentage of retail price
1950.....	72.3	61.7	52.2	20.1	10.6	9.5	72
1951.....	81.4	69.2	60.0	21.4	12.2	9.2	74
1952.....	85.0	72.2	62.6	22.4	12.8	9.6	74
1953.....	79.0	65.9	56.7	22.3	13.1	9.2	72
1954.....	72.4	59.7	50.4	22.0	12.7	9.3	70
1955.....	70.9	57.4	49.2	21.7	13.5	8.2	69
1956.....	72.1	59.2	51.0	21.1	12.9	8.2	71
1957.....	74.3	59.6	51.7	22.6	14.7	7.9	70
1958.....	74.2	58.7	51.1	23.1	15.5	7.6	69
1959.....	75.3	59.7	52.5	22.8	15.6	7.2	70
1960 1/.....	74.9	59.1	53.1	21.8	15.8	6.0	71
Evaporated milk							
	United States : average retail price per 14-1/2 ounce can	Wholesale : price per 14-1/2 ounce can 2/	Farm value of : equivalent quantity of milk	Farm- : retail price spread	Wholesale- : retail price spread	Farm- : wholesale price spread	Farm value as : a percentage of retail price
1950.....	12.6	10.9	6.0	6.6	1.7	4.9	48
1951.....	14.4	12.7	7.4	7.0	1.7	5.3	51
1952.....	14.9	13.2	7.9	7.0	1.7	5.3	53
1953.....	14.6	12.3	6.6	8.0	2.3	5.7	45
1954.....	13.9	11.6	6.0	7.9	2.3	5.6	43
1955.....	13.7	11.6	6.0	7.7	2.1	5.6	44
1956.....	14.0	12.1	6.2	7.8	1.9	5.9	44
1957.....	14.6	12.6	6.3	8.3	2.0	6.3	43
1958.....	15.1	12.8	6.2	8.9	2.3	6.6	41
1959.....	15.2	12.9	6.2	9.0	2.3	6.7	41
1960 1/.....	15.7	13.2	6.3	9.4	2.5	6.9	40

1/ Preliminary.

2/ United States average manufacturers' selling price per case converted to price per 14-1/2 oz. can.

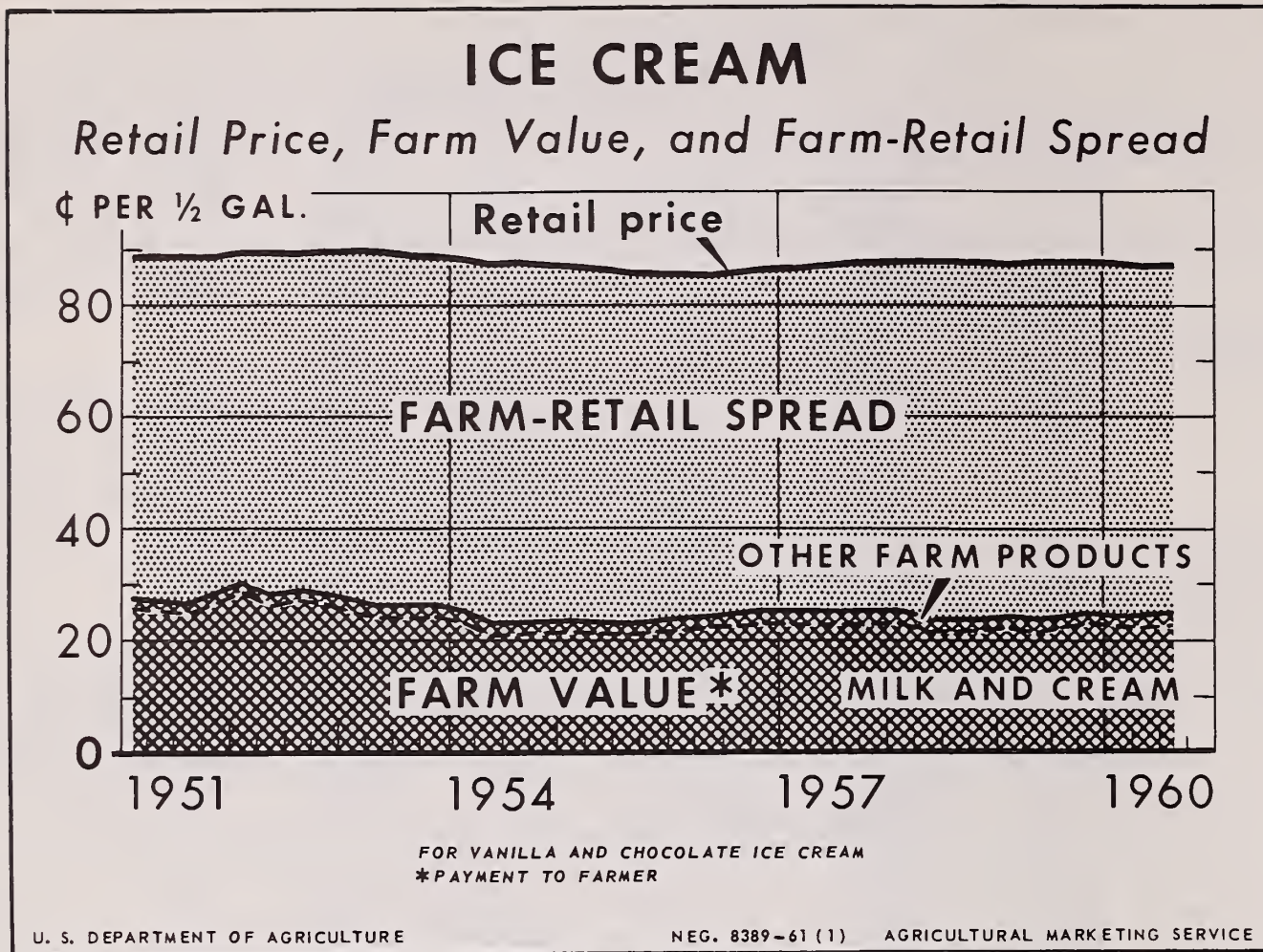


Figure 5

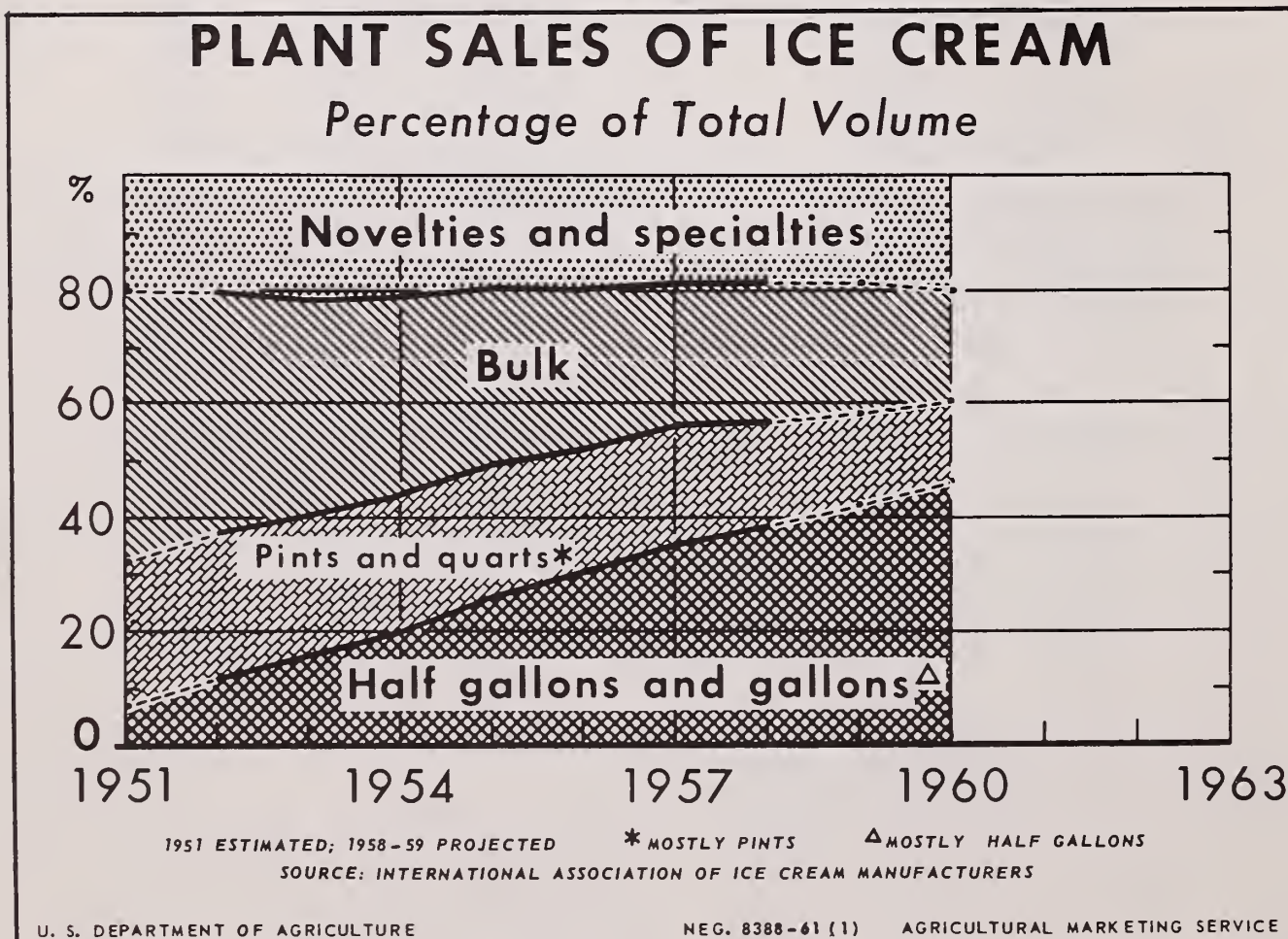


Figure 6

ing the 10 years, 1951-60, the retail price of half gallons of ice cream decreased from 88.9 cents to 86.9 cents; the maximum variation in the annual average price was only about 4 percent. This decrease made ice cream attractive pricewise, since food prices increased by an average of about 13 percent during this period.

It is probable that the actual weighted average retail price of ice cream dropped by at least 10 percent during the 1951-60 period, although the price of half gallons of ice cream remained stable. Most of the ice cream bought for eating at home is hand packed by retailers either in pint or in quart containers at the time of sale or it is prepaced in half-gallon or pint con-

tainers at the plant. For a given quantity, prepaced ice cream costs less than the hand-packed product and prepaced half gallons cost less than prepaced pints. For example, over the 10-year period, the price of prepaced half gallons was, on the average, 87.6 cents; the price of the same quantity (a half gallon) in prepaced pints was \$1.19. From 1951 to 1960, the proportion of ice cream sold in prepaced half gallons increased from about 8 percent to about 46 percent of the total sales (fig. 6). The proportion sold by plants in bulk for hand packing and for consumption on retailers' premises decreased from 46 percent to 18 percent and the proportion in pints decreased from 25 percent to 15 percent.

MARKETING MARGINS FOR WHITE BREAD 1/

:
: The total marketing margin (farm-retail spread) for a 1-pound loaf of:
: white bread was 72 percent higher in 1960 than in 1947-49. About four-:
: fifths of this increase was accounted for by a rise in the baker-wholesale:
: margin. The margin taken by each of the other segments of the marketing:
: process also increased. The increase in the total marketing margin was:
: accompanied by a decline of 15 percent in payments to farmers for farm:
: product ingredients and an increase of 50 percent in the retail price. The:
: rise in the retail price of bread was more than double the average increase:
: in all retail food prices and nearly double the rise in the Consumer Price:
: Index in the same period. :

:
: The most recent survey of household food consumption for the United:
: States showed that weekly expenditures for white bread for home con-:
: sumption averaged 73 cents per household in 1955. This expenditure:
: amounted to nearly 3.5 percent of the cost of food bought for consumption:
: at home. :

In 1960 the United States average retail price of a 1-pound loaf of white bread was at an all-time high of 20.3 cents--0.6 cent higher than the 1959 price (table 13). In 1960 the retail price was 50 percent higher than the 1947-49 average. Each year during the period 1947-60 consumers paid more for bread than in the preceding year.

The increase of 3.0 percent from 1959 to 1960 was smaller than the average annual increase of 3.8 percent for the 1947-60 period, but it was as large or larger than the increase in most of the years during the period. Where has the increase gone and who received it?

Farm-Retail Spread Increases

The difference between the retail price and the farm value of all ingredients used in producing a 1-pound loaf of white bread (the marketing or farm-retail spread) increased from 16.9 cents in 1959 to 17.5 cents in 1960 (table 13). 2/ The farm-retail spread in 1960 was about 72 percent larger than during 1947-49, compared with

an increase of 50 percent in the retail price. Like the retail price, it has increased each year. Although all segments of the farm-retail spread increased during the period 1947-60, the baker wholesaler's margin accounted for most of the increase in the spread and in bread prices.

1/ Prepared by J. C. Eiland, agricultural economist, Marketing Economics Research Division, Agricultural Marketing Service.

2/ The farm value is the payment farmers receive for the farm products equivalent to a pound loaf of bread.

Table 13.--White pan bread: Estimated retail and wholesale prices of a 1-pound loaf, retailer, baker-wholesaler, miller, and other gross margins, and estimated farm value of ingredients, average 1947-49, annual 1950-60, and quarterly 1959-60 ^{1/}

Year and quarter	Retail	Retail	Whole	Baker	Cost to	Mill	Miller's	Cost		Farm value		
	price	margin	sale	whole	baker	sales	flour	of	Other			
	<u>2/</u>	<u>3/</u>	<u>4/</u>	<u>5/</u>	All : ingre-Flour: dients: 7/	value: of : flour: 8/	margin: 9/	wheat : to : miller: 10/	margins: 11/	Wheat : 12/	ingre- dients : 13/	
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
1947-49 average:	13.5	2.4	11.1	6.0	5.1	3.5	3.4	0.6	2.8	1.2	2.7	3.3
1950	14.3	2.7	11.6	6.9	4.7	3.4	3.3	.6	2.7	1.1	2.5	3.0
1951	15.7	2.7	13.0	7.8	5.2	3.6	3.4	.6	2.8	1.3	2.6	3.3
1952	16.0	3.0	13.0	8.1	4.9	3.5	3.4	.6	2.8	1.1	2.6	3.2
1953	16.4	2.9	13.5	8.4	5.1	3.7	3.5	.6	2.9	1.4	2.5	3.1
1954	17.1	2.7	14.4	8.9	5.5	4.0	3.8	.6	3.2	1.6	2.7	3.3
1955	17.5	2.6	14.9	9.6	5.3	3.9	3.7	.6	3.1	1.5	2.7	3.2
1956	17.9	2.6	15.3	10.1	5.2	3.7	3.6	.6	3.0	1.4	2.6	3.2
1957	18.8	3.1	15.7	10.5	5.2	3.7	3.6	.6	3.0	1.4	2.6	3.2
1958	19.3	3.1	16.2	11.2	5.0	3.6	3.4	.6	2.8	1.4	2.4	3.0
1959	19.7	3.1	16.6	11.8	4.8	3.5	3.3	.6	2.7	1.4	2.3	2.8
1960 <u>14/</u>	20.3	3.4	16.9	11.9	5.0	3.6	3.4	.7	2.7	1.5	2.3	2.8
1959												
Jan.-Mar. . .	19.6	3.1	16.5	11.7	4.8	3.4	3.3	.6	2.7	1.4	2.3	2.8
Apr.-June . .	19.7	3.1	16.6	11.7	4.9	3.5	3.3	.6	2.7	1.5	2.3	2.8
July-Sept. . .	19.7	3.1	16.6	11.7	4.9	3.5	3.3	.6	2.7	1.5	2.3	2.8
Oct.-Dec. . .	19.8	3.0	16.8	11.9	4.9	3.5	3.4	.6	2.8	1.4	2.3	2.8
1960												
Jan.-Mar. . .	19.9	3.2	16.7	11.8	4.9	3.5	3.4	.6	2.8	1.4	2.4	2.9
Apr.-June . .	20.1	3.4	16.7	11.7	5.0	3.6	3.4	.7	2.7	1.5	2.3	2.8
July-Sept. . .	20.5	3.5	17.0	12.0	5.0	3.6	3.4	.8	2.6	1.4	2.3	2.8
Oct.-Dec. <u>14/</u>	20.8	3.7	17.1	12.1	5.0	3.6	3.5	.8	2.7	1.4	2.3	2.8

^{1/} The retail price, farm value, and farm-retail spread or marketing margin for the years 1919-56 were published in Farm-Retail Spreads for Food Products, U. S. Dept. of Agr., Misc. Pub. 741, Nov. 1957, p. 117. Comparable data for the other series in this table are not available for the years before 1947.

^{2/} Average of retail prices in urban areas reported by BLS, with adjustments for 1954 and 1955.

^{3/} Spread between retail and wholesale prices.

^{4/} Derived from wholesale prices published by the BLS and trade data.

^{5/} Spread between wholesale price and cost to the baker of all ingredients.

^{6/} Cost of flour, shortening, nonfat dry milk, sugar, and other ingredients in a pound of bread, adjusted to level of cost to baker as reported in the Census of Manufactures.

^{7/} Weighted average wholesale value of 0.641 lb. of several types of bread flour in 5 markets, adjusted to the level of cost to baker as reported in the Census of Manufactures.

^{8/} Weighted average wholesale value of 0.641 lb. of several types of bread flour in 5 markets, adjusted to mill sales level as reported in the Census of Manufactures.

^{9/} Spread between cost of wheat to miller and sales value of flour.

^{10/} Weighted average wholesale value in 6 markets of 0.894 lb. of major classes and grades of wheat used for milling bread flour, adjusted to level of cost to miller as reported in the Census of Manufactures and further adjusted to eliminate imputed value of millfeed byproducts.

^{11/} Margins for transporting, handling, and storing all ingredients and for processing ingredients other than flour. This margin is a residual figure.

^{12/} Payment to farmers for 0.894 lb. of wheat less imputed value of millfeed byproducts, based on average price received by farmers for all wheat.

^{13/} Value at prices received by farmers, less byproduct allowances, for the quantity of wheat and other farm products yielding ingredients used in a pound loaf of white bread.

^{14/} Preliminary.

Slower Increase in Baker-Wholesale Margin

In 1960 the upward movement in the baker-wholesale margin slackened. The annual average margin increased 0.1 cent above the 1959 figure, to 11.9 cents for a 1-pound loaf. This was the smallest annual increase during the 1947-60 period (table 13). This margin declined below the 1959 average in the first half of 1960, but rose above it in the second half. In the final quarter it averaged 12.1 cents. Thus, the upward trend continued but at a slower pace in 1960.

Increases in the baker-wholesale margin and in costs of ingredients to the baker were accompanied by a rise of 0.3 cent in

the wholesale price of white bread in 1960.

The wholesale price of a 1-pound loaf of white bread increased from 11.1 cents in 1947-49 to 16.9 cents in 1960. At the same time the cost of all ingredients to the baker declined from 5.1 cents to 5.0 cents. Thus, the baker-wholesale margin was 5.9 cents higher in 1960 than in 1947-49 (fig. 7). This margin accounted for 81 percent of the increase in the farm-retail spread. The baker-wholesale share of the retail price increased from 44 percent in 1947-49 to 59 percent in 1960, while the farmer's share declined from 25 to 14 percent (table 14).

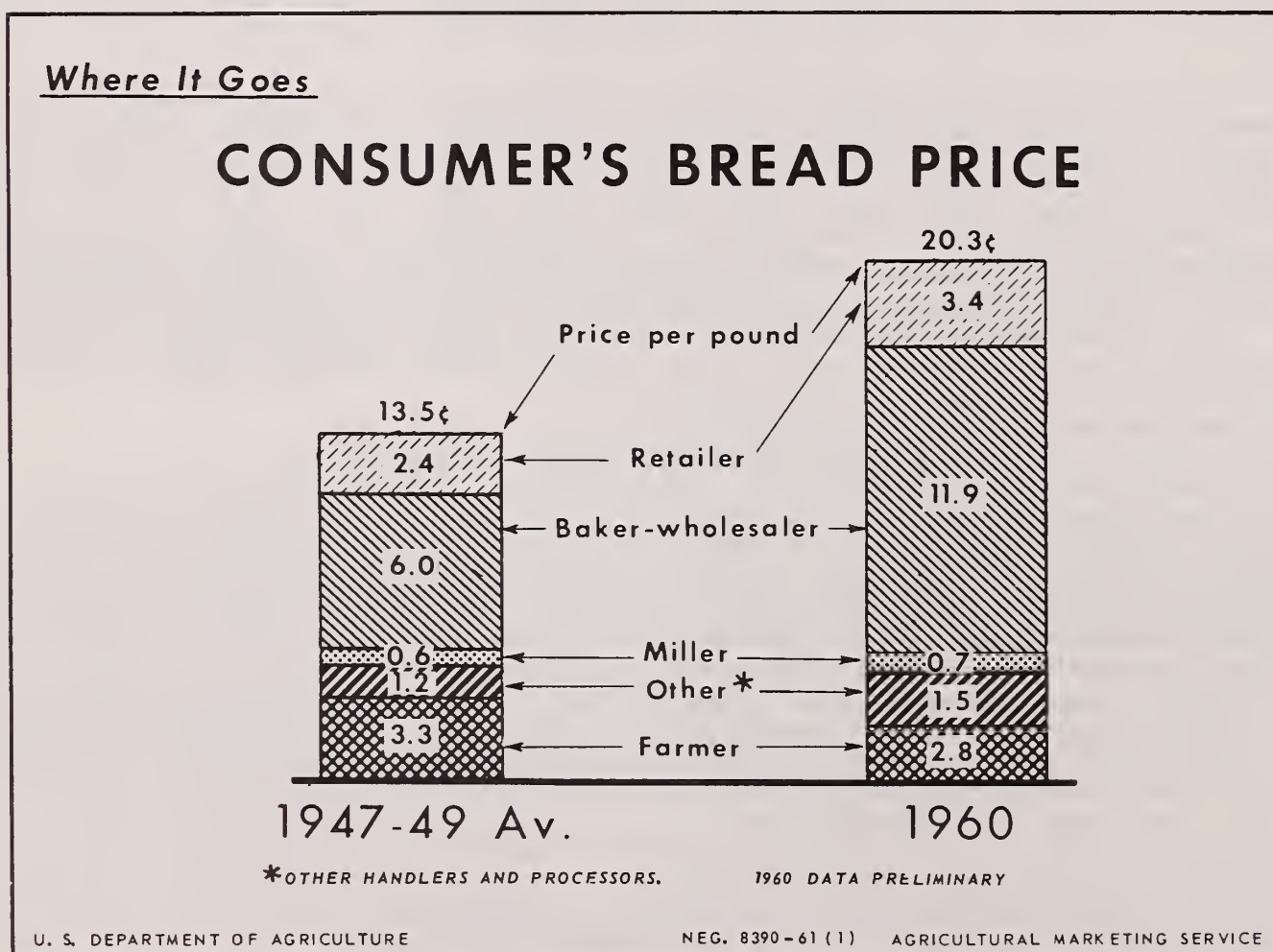


Figure 7

Table 14.--Distribution of the retail price of a 1-pound loaf of white bread among marketing functions and the farmer, 1947-60 1/

Year	Retailing	Baker- wholesaler	Flour mill	Other	Farmer	Total
	Percent	Percent	Percent	Percent	Percent	Percent
1947-49 average	17	44	5	9	25	100
1950	19	48	4	8	21	100
1951	17	50	4	8	21	100
1952	19	50	4	7	20	100
1953	18	51	4	8	19	100
1954	16	52	4	9	19	100
1955	15	55	3	9	18	100
1956	15	56	3	8	18	100
1957	17	56	3	7	17	100
1958	16	58	3	7	16	100
1959	16	60	3	7	14	100
1960 <u>2/</u>	17	59	3	7	14	100

1/ Distribution based on data in table 13.

2/ Preliminary.

Retail Margin Increases

In 1960, the retail margin set an all-time high, averaging 3.4 cents a 1-pound loaf of bread, 0.3 cent higher than in 1959. This increase was the first since 1957. It accounted for about half of the rise in the retail price in 1960 (table 13).

During the period between 1947-49 and 1960, the retail margin climbed about 1 cent (table 13 and fig. 7). Fluctuations in the annual average retail margin resulted generally from retail price increases lagging behind wholesale price increases.

Often wholesale price advances are in fractions of a cent, but most retail prices are not quoted in fractions. Thus, the retailer generally has to increase his price a full cent or absorb for a time the wholesale price increase.

Increases in the retail margin from 1947-49 to 1960 accounted for nearly 14 percent of the jump in the farm-retail spread. The retailer's share of the retail price fluctuated around 17 percent (table 14).

Flour Mill Margin

The flour mill margin fluctuated slightly from 1947-49 to 1960, but usually not enough to cause variations in the annual averages when rounded to tenths of a cent. In 1960, this margin averaged 0.7 cent, an increase of 0.1 cent above 1959, and the first change since 1950. Although the margin increased in 1960, it amounted to a lower percentage of the retail price in

1960 than in 1947-49 (table 14).

The price of flour has varied closely with the cost of wheat to the miller, which is evident from the fairly constant mill margin. However, because of increased storage and transportation costs, the spread between the farm value of wheat and cost of wheat to the miller has widened.

Other Marketing Margins Increase

Other marketing margins 3/ making up the remainder of the farm-retail spread increased to 1.5 cents in 1960, up 0.1 cent from 1959 and 0.3 cent from the 1947-49

average (table 13 and fig. 7). These margins accounted for 7 percent of the retail price in 1960, compared with 9 percent in 1947-49 (table 14).

Farm Value of Ingredients Unchanged in 1960

In 1960 the farm value of all farm-produced ingredients used in a pound of white bread was 2.8 cents--the same as in 1959. The farm value of the wheat component also was unchanged at 2.3 cents (table 13). However, the wheat farmer's share of the retail price declined slightly in 1960.

The farm value of all ingredients was 0.5 cent lower in 1960 than in 1947-49. The farmer received about 14 percent of the average retail price in 1960, compared

with 25 percent in 1947-49 (table 14).

The farm value of the wheat equivalent to a pound of bread declined from 2.7 cents in 1947-49 to 2.3 cents in 1960--accounting for 0.4 cent of the 0.5 cent decline in farm value of all ingredients (table 13). Farm values of wheat and other farm-produced ingredients each declined about 15 percent from their 1947-49 averages. During 1947-49 the wheat farmer received 20 percent of the retail price; in 1960 he received about 11 percent of a higher retail price.

Some Factors Influencing Baker-Wholesale Margins

Labor costs including fringe benefits represented about 50 percent of the baker-wholesaler's margin in 1957, according to the most recent cost analyses available. 4/ Packaging and wrapping material expenses accounted for about 10 percent; delivery expenses other than wages and salaries, for 9 percent; stale returns, advertising, and promotion expenses, for about 7 percent; depreciation, about 5 percent; and other costs and profits, for the remaining 19 percent.

Labor costs have been a major factor influencing increases in the margin and have increased a little faster than all costs in the aggregate. 5/ Thus, labor costs in 1957 accounted for a slightly larger proportion of the margin than in 1945.

All cost items have increased since World War II, but some have risen proportionately more than costs in the aggregate which increased to nearly 3 times the 1945 level by 1957.

Expense items that increased proportionately more than aggregate costs were wages and salaries, fringe benefits to employees, social security taxes, bakery products bought for resale, advertising and promotion expenses, and depreciation allowances. Items that increased proportionately less than aggregate costs were compensation of officers, packaging and wrapping, all taxes other than social security taxes, and unspecified items. Delivery expenses other than labor increased about in proportion to the aggregate increase.

3/ Margins for transporting, handling, and storing all ingredients and for processing ingredients other than flour.

4/ "Marketing Margins for White Bread," AMS-263, U. S. Dept. Agr., (reprinted from The Marketing and Transportation Situation), July 1958, table 9, p. 21.

5/ The increasing proportion of total costs represented by labor costs is further substantiated by data for 105 baking companies; see Study of Administered Prices in the Bread Industry, Part 12 of Hearing Before The Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary, United States Senate, Eighty-Sixth Congress, First Session, U. S. Government Printing Office, 1959, pp. 6588-94.

Factors Affecting Increased Labor Costs

Average hourly earnings of all employees in the bread and other bakery products industry have increased more rapidly than the price of bread. A production worker with earnings from an hour's work could purchase at retail about 15 percent more bread in 1958 than in 1947.

Hourly earnings of production and related workers in the bread and related products industry rose from an average of \$1.43 in 1951 to \$2.11 in 1959 (table 15). Other labor costs in the form of fringe benefits and social security taxes showed even greater proportionate increases. Dollar sales of the industry increased somewhat less than production labor costs. Consequently, the cost of production labor as a percentage of total sales increased slightly, even though the man-hours worked by production workers per dollar of sales decreased.

The quantity of bread and other bakery products produced per man-hour of production labor continued to increase from 1954 to 1958, according to an analysis of data from the 1958 Census of Manufactures. The output of nonproduction workers per man-hour, which decreased significantly from 1947 to 1954, increased from 1954 to 1958, but still remained below

the 1947 level. ^{6/}

Much of the increase in costs of non-production labor is the result of the sales and distribution problem of the industry largely caused by (1) a decrease of about 30 percent in the weekly volume of bread and related products distributed per route from 1947 through 1958, (2) a decline in dollar sales per route mile, and (3) the growth of "drop day" and "swing man" operations, which added to the number of salesmen for a given number of routes. ^{7/} The first and second factors appear to be the result of fewer customers served per route and not decreased sales per customer.

Sales and Profits of Six Baking Companies

Profits (after taxes) of six leading baking companies declined from an average of 4.1 percent of sales in 1947-49 to 2.3 percent in 1959 (table 16). Total sales of these six companies rose almost steadily from 1947-49 to 1959. The 1959 total was nearly double the 1947-49 average, a faster rate of growth than that for the entire industry.

Taxes took somewhat less than half the net income of these companies during 1947-50. After 1950, taxes consistently amounted to more than half their total net income.

Flour Milling Industry Contrasted to Baking Industry

The flour mill margin has remained relatively stable since 1950, while the bakery margin has about doubled. Labor costs have increased in both industries. But the increase has been less significant in raising unit costs in the flour milling industry because (1) labor costs make up a smaller part of its sales, (2) its output

per man-hour of production labor increased about 44 percent from 1947 to 1958 (table 17), compared with an increase of less than half that rate for the baking industry, and (3) it has not experienced the sales and distribution problems that have plagued the baking industry.

^{6/} Employees not classified as production and related workers, according to Census terminology, include those who do sales, administrative, professional work, and clerical work not directly related to the production line records.

^{7/} The industry has recognized the importance of this sales and distribution problem, and the results of a research study on this subject represented a major portion of the program at the 1960 American Bakers Association Convention.

Table 15.--Hourly earnings of production workers in the bread and other bakery products industry, annual averages, 1951-59

Year	Actual earnings including overtime	Index (1951 = 100)
	<u>Dollars</u>	
1951	1.43	100
1952	1.52	106
1953	1.60	112
1954	1.68	117
1955	1.75	122
1956	1.84	129
1957	1.92	134
1958	2.01	141
1959	2.11	148

Bureau of Labor Statistics, Employment and Earnings.

Table 16.--Sales and profits of six baking companies, 1947-59 ^{1/}

Year ended December 31	Sales	Total net income		Net income as a percentage of sales	
		Before taxes	After taxes	Before taxes	After taxes
	<u>1,000 dol.</u>	<u>1,000 dol.</u>	<u>1,000 dol.</u>	<u>Percent</u>	<u>Percent</u>
1947-49 average	535,694	35,472	21,893	6.6	4.1
1947	513,813	30,454	18,634	5.9	3.6
1948	559,621	42,333	26,035	7.6	4.7
1949	533,648	33,629	21,010	6.3	3.9
1950	553,935	37,712	21,436	6.8	3.9
1951	610,911	35,894	17,103	5.9	2.8
1952	641,571	38,962	17,815	6.1	2.8
1953	685,780	40,294	18,692	5.9	2.7
1954	709,534	36,131	18,062	5.1	2.5
1955	764,788	43,717	21,504	5.7	2.8
1956	840,292	44,855	21,761	5.3	2.6
1957	903,998	47,896	23,406	5.3	2.6
1958	933,379	47,019	23,106	5.0	2.5
1959	1,011,791	47,813	23,394	4.7	2.3

^{1/} To make data comparable throughout, 7 companies are included prior to 1953 when two of the companies merged.

Compiled from Moody's Industrials.

Table 17.--Flour and other grain-mill products industry: Output per production worker man-hour, 1947-58

Year	Index (1947 = 100)	Year	Index (1947 = 100)
1947	100.0	1953	106.1
1948	---	1954	122.1
1949	96.3	1955	127.1
1950	100.0	1956	132.2
1951	99.6	1957	142.6
1952	99.3	1958 <u>1</u> /	144.4

1/ Preliminary.

Indexes of Output Per Man-Hour For Selected Industries, 1939 and 1947-59, Bureau of Labor Statistics, July 1960, p. 10.

Though both industries have faced relatively stable demand for their products, there has been a greater relative reduction in number of flour mills than bakeries. The average capacity per mill increased. Also, the percentage of capacity utilized and production per mill have increased (table 18). Flour mills have been able to keep their unit costs relatively stable because of larger and modernized mills,

increased utilization of capacity, and a reduction of about 25 percent in the number of employees. The larger mills, many of which apparently have average unit costs lower than the industry average, have increased their share of total flour production and have kept the flour milling industry's average unit cost from rising as much as factor prices.

Table 18.--Number of flour mills, flour production, and proportion of capacity utilized, 1946-59

Year	Mills above 400 cwt. daily capacity <u>1</u> /	Flour production		Proportion of capacity utilized
		Total	Per mill	
	Number	1,000 cwt.	1,000 cwt.	Percent
1946	426	278,900	655	77
1947	---	305,499	---	86
1948	426	279,133	655	74
1949	386	234,351	607	78
1950	377	224,899	597	79
1951	335	229,292	684	79
1952	335	228,148	681	80
1953	320	222,177	694	81
1954	302	221,405	733	81
1955	295	225,648	763	83
1956	293	229,758	784	84
1957	286	238,888	835	87
1958	285	246,155	864	88
1959	282	248,494	881	87

1/ In 1950, the last year of a complete milling survey, mills with a daily capacity of 401 cwt. or more represented 91 percent of the industry capacity and 97 percent of the total wheat flour production.

Bureau of the Census, "Flour Milling Products," Current Industrial Reports (formerly Facts for Industry).

MARKETING MARGINS FOR FRUITS AND VEGETABLES ^{1/}

: Marketing margins for fresh fruits and vegetables, together with :
 : retail and grower prices, were higher in 1960 than in 1959. Mar- :
 : keting margins increased 4 percent; retail prices averaged about :
 : 8 percent higher; and prices received by growers were up about 15 :
 : percent. Much of the increase at both grower and retail levels re- :
 : sulted from higher prices for apples, oranges, and potatoes. Retail :
 : prices of processed products declined 4 percent, reflecting mainly :
 : reductions in returns to growers. Marketing charges were about :
 : the same in both years. :
 :

Fresh Fruits and Vegetables

The retail cost of the fresh fruits in the family market basket increased to an annual rate of \$144 in 1960 from \$133 in 1959 (table 19). ^{2/} About two-thirds of this increase was reflected in higher prices received by farmers and one-third in higher marketing charges. Increases in 1960 followed decreases in 1959. The farmer's share of the retail cost of fresh fruits and vegetables increased to 37 percent in 1960, up from 34 percent in 1959.

Sharp price increases in potatoes, apples, and oranges at both farm and retail levels accounted for much of the increase in the retail cost and farm value of the fresh fruits and vegetables in the market basket. The retail price of potatoes jumped from an average of 63.3 cents per 10 pounds in 1959 to 71.7 cents in 1960; the farm value rose from 19.2 cents to 24.5 cents, and the marketing margin from 44.1 cents to 47.2 cents. Stocks of potatoes on January 1, 1960, were 10 percent smaller than a year earlier as a result of a smaller late potato crop in 1959 than in 1958. Further, the production of potatoes for harvest during the winter months was much smaller in 1960 than in 1959

because of reduced acreage and severe damage by cold weather. Prices received by farmers were higher in 1960 than in 1959 in each month except June, particularly in the early months of the year, although the spring, summer, and fall crops were larger in 1960 than in 1959.

For the quantity of apples equivalent to a pound at retail, farmers received an average of 5.4 cents in 1960, compared with 4.0 cents in 1959. The gain at the retail level was larger, since the farm-retail spread increased from 10.2 cents to 10.8 cents. Stocks of apples were lighter on January 1, 1960, than a year earlier, and the 1960 crop was 5 percent smaller than average and 13 percent smaller than the 1959 production.

In the first half of 1960, grower prices for Florida oranges were lower, California oranges higher, than for the same period a year earlier. United States average prices of fresh oranges both at grower and retail levels were higher in most months of 1960 than a year earlier. The annual average retail price rose from 66.4 cents a dozen, in 1959 to 75.6 cents

^{1/} Prepared by Victor V. Bowman, agricultural economist, Marketing Economics Research Division, Agricultural Marketing Service.

^{2/} The family market basket contains the average quantities of fruits, vegetables, and other domestically produced farm food products bought by the typical urban wage-earner or clerical-worker family in 1952. The farm value of a food in the market basket is the payment the farmer receives for its farm product equivalent. The marketing margin or spread between the retail cost and farm value is the charge for marketing services.

in 1960. The marketing margin went up from 44.3 to 48.3 cents; so growers received more than half the gain in retail prices. The volume of oranges sold fresh from the 1959-60 crop was smaller than that from the 1958-59 crop, largely because the California Navel and Valencia

crops were short. Prices in the final quarter of the year were strengthened by reduced marketings from the 1960-61 crop. Shipments from Florida were late in starting and increased slower than usual; the California crop was light again.

Processed Fruits and Vegetables

Total marketing charges for processed fruits and vegetables in the family market basket were about the same in 1960 as in 1959 (table 19). The total farm value of these products declined 14 percent, accompanied by a 3 percent reduction in the retail cost.

Lower prices for canned orange juice and frozen juice concentrate accounted for much of the reduction in the retail

cost of the processed products. Similarly much of the decrease in the farm value resulted from a sharp drop from 1959 to 1960 in prices received by growers for oranges for processing. The bulk of the processed products sold to consumers in 1960 were processed from 1959-60 Florida oranges. Prices received by growers for the 1959-60 crop were considerably lower than those for the 1958-59 crop.

Marketing Margins for Oranges

Grower-retail marketing spreads have been analyzed for Florida fresh oranges sold in Atlanta, Chicago, Detroit, New York and Pittsburgh, for California fresh oranges marketed in New York and Chicago, and for canned orange juice and frozen orange juice retailed in New York and Chicago.

cept Pittsburgh, marketing margins decreased from 1958-59 to 1959-60, along with prices at retail and other market levels. Though marketing margins declined, decreases were not proportionate to reductions in retail prices, so marketing margins relative to retail prices increased from 1958-59 to 1959-60.

Florida Fresh Oranges

Retail prices of Florida oranges marketed in five large eastern and middle western cities during the 1959-60 season varied from \$7.57 per 90-pound box in Atlanta to \$9.66 in New York (table 20).^{3/} Prices at all market levels were lower in 1959-60 than in the previous season.

Spreads between retail prices and returns to the grower ("on-tree" returns) in 1959-60 ranged from \$5.92 in Atlanta to \$7.16 in Detroit (table 20). As percentages of retail prices, these spreads, or marketing margins, ranged from 74 percent in New York to 80 percent in Pittsburgh. In each of the five cities ex-

Returns to growers in 1959-60 varied from \$1.65 per 90 pounds of oranges shipped to Atlanta to \$2.55 for those marketed in New York. As percentages of retail prices, returns to growers varied from 20 percent for Pittsburgh shipments to 26 percent for New York shipments.

Differences in quality of fruit may explain part of the variation in on-tree returns from oranges shipped to different destinations. Thus, New York, for which retail prices and on-tree returns were highest, received fruit of a better average quality than most other cities.

The drop in prices at all market levels

^{3/} The retail price is for 87 pounds. For every 90 pounds of oranges bought by retailers, about 87 pounds on the average were sold to consumers and 3 pounds were lost through waste and spoilage.

Table 19.--Fruits and vegetables: Retail cost, farm value, marketing margin, and farmer's share of retail cost, annual, 1956-60 ^{1/}

Fresh fruits and vegetables				
Year	Retail cost	Farm value	Margin	Farmer's share
	Dollars	Dollars	Dollars	Percent
1956	129.34	48.10	81.24	37
1957	130.37	44.76	85.61	34
1958	139.57	49.30	90.27	35
1959	133.38	45.68	87.70	34
1960 ^{2/}	143.56	52.44	91.12	37
Processed fruits and vegetables				
1956	90.47	18.62	71.85	21
1957	88.35	17.48	70.87	20
1958	94.02	17.29	76.73	18
1959	97.23	22.32	74.91	23
1960 ^{2/}	93.73	19.28	74.45	21

^{1/} Data are for quantities of fruits and vegetables bought for consumption at home per urban wage-earner or clerical-worker family in 1952.

^{2/} Preliminary.

from 1958-59 to 1959-60 resulted from an increase in the supply of Florida fresh oranges. Shipments in the 1958-59 season were the smallest in a generation and prices were the highest. The crop was lighter than other recent crops and a smaller proportion was marketed as fresh fruit. The 1959-60 crop was larger and a greater proportion was marketed fresh. Sales of California fresh oranges, however, declined sharply from 1958-59 to 1959-60.

Charges for retailing and wholesaling are the largest segment of the total marketing margin. As a percentage of the retail price, the combined wholesale-retail margin in 1958-59 varied from 33 percent in Chicago to 45 percent in Detroit; in 1959-60, from 37 percent in Chicago to 46 percent in Atlanta. Dollar-and-cents wholesale-retail margins in both seasons were largest in New York and Detroit, where retail prices were highest; margins were smallest in Chi-

cago and Pittsburgh, where prices were near the lowest. The lowest retail price was in Atlanta in both seasons. Transportation costs to Atlanta were the lowest, but the wholesale-retail margin was the third largest among the five cities in both years. Wholesale-retail margins in each of the cities, except Pittsburgh, averaged lower in the 1959-60 season than a year earlier.

Retail store margins vary among cities, depending on pricing policies, operating costs, and many other factors. Variations in services performed by wholesalers affect their margins. For fresh fruits and vegetables, these margins tend to vary directly with changes in prices of the product. Thus, the wholesale-retail margin in all but one of these cities decreased from 1958-59 to 1959-60 when prices of oranges at all marketing levels decreased.

Charges for marketing services per-

Table 20.--Florida Oranges: Retail prices, marketing margins, and on-tree returns per 90-pound box, 1958-59 and 1959-60

Item	: : Atlanta :	: : Chicago :	: : Detroit :	: : Pittsburgh: :	: : New York City
	: : <u>Dollars</u> :	: : <u>Dollars</u> :	: : <u>Dollars</u> :	: : <u>Dollars</u> :	: : <u>Dollars</u> :
<u>1958-59</u>	:	:	:	:	:
Retail price <u>1/</u> . . .	: 9.13	: 9.17	: 10.34	: 9.16	: 10.91
Margins or charges:	:	:	:	:	:
Wholesale-retail <u>2/</u>	: 3.56	: 3.06	: 4.63	: 3.24	: 4.36
Terminal charges <u>3/</u>	: .32	: .43	: .34	: .36	: .41
Transportation <u>4/</u> .	: .38	: 1.05	: 1.12	: 1.10	: 1.12
Packer <u>5/</u>	: 1.75	: 1.75	: 1.75	: 1.75	: 1.75
Total.	: 6.01	: 6.29	: 7.84	: 6.45	: 7.64
On-tree return <u>6/</u> . .	: 3.12	: 2.88	: 2.50	: 2.71	: 3.27
<u>1959-60</u>	:	:	:	:	:
Retail price <u>1/</u> . . .	: 7.57	: 8.13	: 9.22	: 8.26	: 9.66
Margins or charges:	:	:	:	:	:
Wholesale-retail <u>2/</u>	: 3.51	: 2.97	: 3.88	: 3.36	: 3.81
Terminal charges <u>3/</u>	: .23	: .37	: .31	: .29	: .37
Transportation <u>4/</u> .	: .38	: 1.05	: 1.17	: 1.13	: 1.13
Packer <u>5/</u>	: 1.80	: 1.80	: 1.80	: 1.80	: 1.80
Total.	: 5.92	: 6.19	: 7.16	: 6.58	: 7.11
On-tree return <u>6/</u> . .	: 1.65	: 1.94	: 2.06	: 1.68	: 2.55

1/ Calculated from retail prices collected by the Bureau of Labor Statistics; 3 percent allowance for waste and spoilage. Average of monthly prices during marketing season November - May.

2/ Retail prices less average auction or wholesale price for the week preceeding that in which the BLS collected prices. Margins include terminal cartage charges.

3/ Auction and brokerage commissions and miscellaneous charges.

4/ Weighted average truck and rail freight and refrigeration charges.

5/ Weighted average of cost of packing in the three most commonly used containers. Includes picking, hauling, selling, and advertising costs; data for 1959-60 season are preliminary.

6/ Retail price less total marketing margin.

formed in the producing areas accounted for the second largest segment of the total marketing margin. They include the costs of picking, hauling, packing, and advertising and other selling costs. Local marketing charges varied from 16 to 19 percent of the retail price in 1958-59 and from 19 to 24 percent in 1959-60. Charges in cents per box were slightly higher in 1959-60 and retail prices were lower. Average packing and container costs have risen in recent years, partly because of the increased use of the half-box.

Transportation charges made up the third largest segment of the marketing margin. As proportions of the average retail prices of oranges sold in the five cities, transportation charges in 1958-59 ranged from 4 percent for Atlanta to 12 percent for Pittsburgh and in 1959-60 from 5 percent for Atlanta to 14 percent for Pittsburgh.

Terminal market charges accounted for the smallest portion of the marketing margin. They declined from 1958-59 to 1959-60 in line with prices, as they are made up largely of commissions which vary with selling prices.

California Oranges

The division of the retail price among growers and marketing functions was about the same for California oranges retailed in New York and Chicago as for Florida oranges sold in these cities. During the California Navel seasons 1956-57 through 1958-59 and the Valencia seasons 1957 through 1959, the wholesale-retail margin accounted for about 34 to 47 percent of retail prices, producing-area marketing charges for about 13 to 16 percent, transportation charges also from 13 to 16 percent, terminal market changes for about 5 percent, and the grower's on-tree returns for 21 to 31 percent (table 21). Retail prices were higher for California than for Florida oranges marketed in New York and Chicago. In New York during the 1958-59 season, retail prices of Florida oranges averaged about 70 percent of those for

California oranges. Dollars-and-cents wholesale-retail margins also were considerably higher for California oranges than for Florida oranges.

Retail prices of California oranges were higher in New York than in Chicago, and generally the same was true for wholesale-retail margins.

Comparative Costs of Fresh, Canned, and Frozen Orange Juice

In New York and Chicago canned or frozen concentrated orange juice was cheaper than juice from fresh oranges in 1958-59. The quantity of Florida fresh oranges (approximately 3 pounds) required to yield 24 ounces of juice cost New Yorkers an average of 36.4 cents. Equivalent quantities of canned single-strength juice (24-ounce can) cost 23.1 cents and of frozen concentrate (6-ounce can) cost 25.4 cents (fig. 8). California fresh oranges were more expensive than Florida fresh oranges. Probably few eastern consumers buy California Navel oranges for juice.

It cost considerably less to market the processed products than fresh oranges. The average marketing margin for quantities equivalent to 24 ounces of juice marketed in New York during the 1958-59 season was 13.5 cents for canned orange juice, 15.8 cents for frozen concentrate, and 25.1 cents for fresh Florida oranges. The marketing margin accounted for about 70 percent of the retail price of fresh oranges and about 60 percent of the retail prices of canned juice and frozen concentrate.

Among the various segments of the total marketing margin, the biggest differences were for wholesaling and retailing. The combined wholesale-retail margin for Florida fresh oranges in New York was five times that for canned juice. The higher costs of handling fresh oranges, which are more perishable and bulky than the processed products, account for the big differences in these margins. Transportation charges also were considerably higher for fresh

Table 21.--California Oranges, Navel and Valencia: Retail prices, marketing margins and on-tree returns per 37½-pound carton, 1957, 1958, 1959 seasons

[illegible]

1/ Calculated from retail prices collected by the Bureau of Labor Statistics; 3 percent allowance for waste and spoilage. Average of monthly prices during marketing season: Navels, December-May; Valencias, June-November.

2/ Retail prices less average auction price for the week preceeding that in which the BLS collected prices. Margins include terminal cartage charges.

3/ Auction and brokerage commissions and miscellaneous charges.

4/ Rail freight and standard refrigeration.

5/ Includes picking, hauling, packing, selling and advertising costs.

6/ Retail price less total marketing margin.

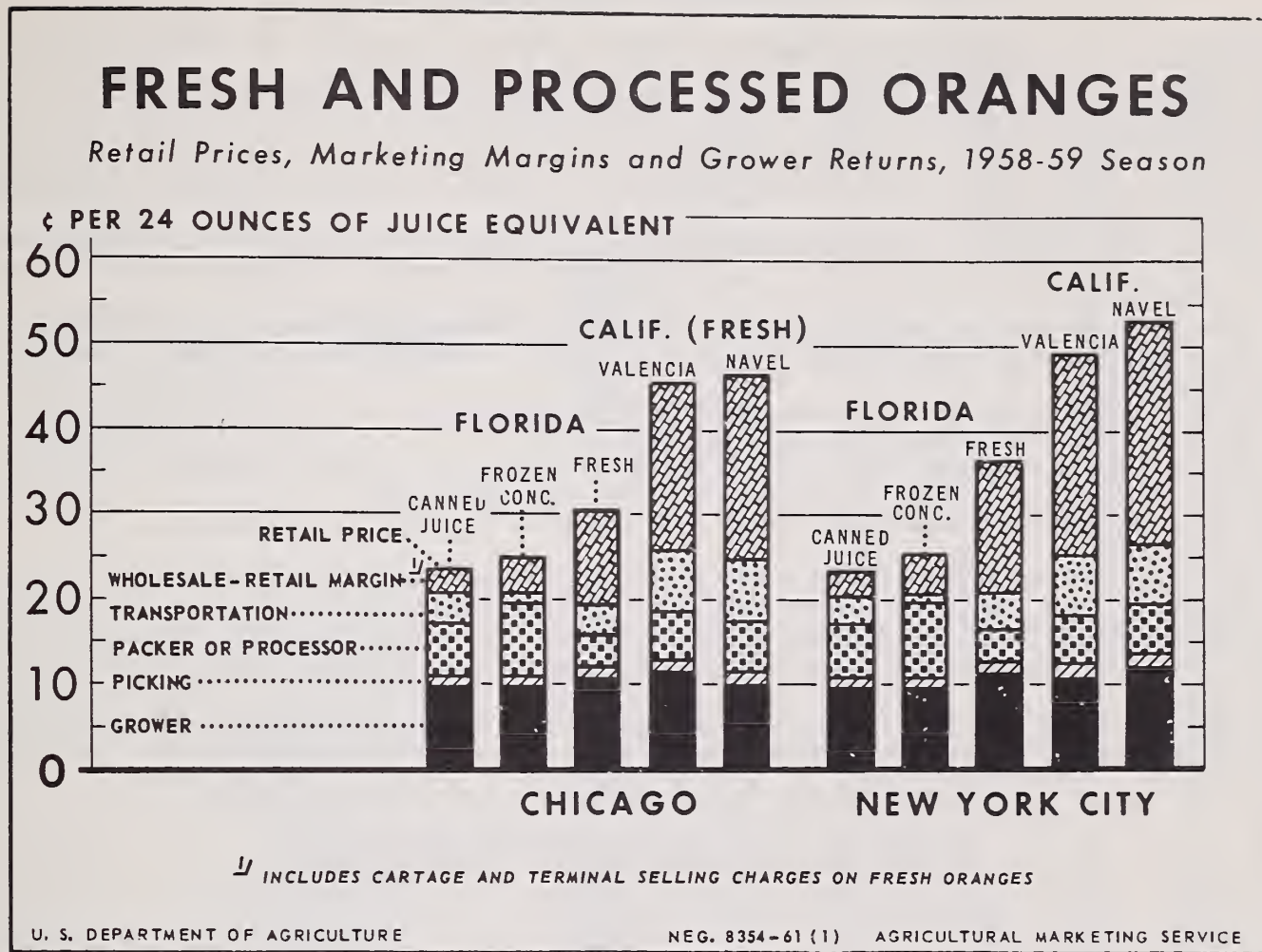


Figure 8

oranges than for equivalent quantities of the processed products, principally because of differences in weight. Shipping charges for Florida oranges were nearly five times those for frozen concentrate. Charges for processing canned juice and frozen concentrate, however, exceeded packing and other local marketing charges for fresh oranges. The processing margin for frozen concentrate was more than twice packing charges for

Florida fresh oranges.

Returns to Florida growers derived from retail prices in New York and Chicago during the 1958-59 marketing season were higher for fresh oranges than for oranges for processing. For the entire 1958-59 crop, however, prices received by Florida growers averaged higher for oranges for processing than those for fresh use.

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4. "Changes in Milk Delivery Costs and Volume--Pricing Procedures in California," by Olan D. Forker and D. A. Clarke, Jr., Calif. Agr. Expt. Sta. Mimeo. Rpt. 236, Nov. 1960. (Giannini Foundation of Agr. Econ. cooperating.)
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7. "Geographic Distribution of Western Frozen Fruits and Vegetables," by Robert B. Reese and Earl B. Miller, U.S. Dept. Agr., Mktg. Res. Rpt. 441, Nov. 1960.
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: Publications issued by State Agricultural Experiment :
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Table 22.- Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, October-December 1960 ^{1/}

Product ^{2/}	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value	Farm-retail spread	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket ^{3/}			1,063.87	---	---	418.49	645.38	39
Meat products			276.88	---	---	146.46	130.42	53
Dairy products			202.97	---	---	92.02	110.95	45
Poultry and eggs		Average quantities purchased per urban wage-earner and clerical-worker family in 1952	98.97	---	---	63.11	35.86	64
Bakery and cereal products	Farm produce equivalent to products bought by urban families							
All ingredients			166.74	---	---	28.35	138.39	17
Grain			---	24.08	2.97	21.11	---	13
All fruits and vegetables			232.53	---	---	69.42	163.11	30
Fresh fruits and vegetables			138.02	---	---	49.89	88.13	36
Fresh vegetables			66.45	---	---	20.79	45.66	31
Processed fruits and vegetables			94.51	---	---	19.53	74.98	21
Fats and oils			41.30	---	---	11.97	29.33	29
Miscellaneous products			44.47	---	---	7.16	37.31	16
			Cents	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)	2.16 lb. Choice grade cattle	Pound	79.7	51.9	4.2	47.7	32.0	60
Lamb (Choice grade)	2.38 lb. lamb	Pound	70.0	38.2	6.3	31.9	38.1	46
Pork (retail cuts)	2.13 lb. hogs	Pound	58.6	36.5	4.9	31.6	27.0	54
Butter	Cream and whole milk	Pound	76.4	---	---	54.3	22.1	71
Cheese, American process	Milk for American cheese	1/2 pound	35.4	---	---	15.7	19.7	44
Ice cream	Cream and milk	1/2 gallon	86.5	---	---	4/23.2	63.3	27
Milk, evaporated	Milk for evaporating	14-1/2 ounce can	15.8	---	---	6.5	9.3	41
Milk, fluid	Wholesale fluid milk	Quart	25.8	---	---	11.3	14.5	44
Chickens, frying, ready-to-cook	1.37 lb. broilers	Pound	41.3	---	---	21.7	19.6	53
Eggs	1.03 doz.	Dozen	65.1	---	---	45.7	19.4	70
Bread, white								
All ingredients	Wheat and other ingredients	Pound	20.8	---	---	2.8	18.0	13
Wheat .....	.894 lb. wheat	Pound	---	2.6	.3	2.3	---	11
Crackers, soda	1.40 lb. wheat	Pound	29.0	4.1	.5	3.6	25.4	12
Corn flakes	1.57 lb. white corn	12 ounces	25.9	3.0	.8	2.2	23.7	8
Corn meal	1.34 lb. white corn	Pound	13.1	2.5	.2	2.3	10.8	18
Flour, white	7.0 lb. wheat	5 pounds	55.9	20.5	2.4	18.1	37.8	32
Rolled oats	2.31 lb. oats	18 ounces	22.2	4.2	.6	3.6	18.6	16
Apples	1.08 lb. apples	Pound	14.2	---	---	5.5	8.7	39
Grapefruit	1.04 grapefruit	Each	15.8	---	---	2.7	13.1	17
Lemons	1.04 lb. lemons	Pound	21.1	---	---	6.4	14.7	30
Oranges	1.04 doz. oranges	Dozen	86.4	---	---	30.3	56.1	35
Beans, green	1.09 lb. snap beans	Pound	23.8	---	---	9.6	14.2	40
Cabbage	1.10 lb. cabbage	Pound	8.0	---	---	1.8	6.2	23
Carrots	1.06 lb. carrots	Pound	14.4	---	---	3.9	10.5	27
Celery	1.11 lb. celery	Pound	13.3	---	---	3.2	10.1	24
Lettuce	1.41 lb. lettuce	Head	17.9	---	---	6.6	11.3	37
Onions	1.06 lb. onions	Pound	8.6	---	---	1.6	7.0	19
Potatoes	10.42 lb. potatoes	10 pounds	66.2	---	---	19.9	46.3	30
Sweetpotatoes	1.12 lb. sweetpotatoes	Pound	13.2	---	---	4.5	8.7	34
Tomatoes	1.18 lb. tomatoes	Pound	25.3	---	---	8.9	16.4	35
Orange juice, canned	5.88 lb. Fla. oranges for canning	46 ounce can	42.7	---	---	14.1	28.6	33
Peaches, canned	1.89 lb. Calif. cling	No. 2-1/2 can	33.6	---	---	5.3	28.3	16
Beans with pork, canned .....	.35 lb. Mich. dry beans	16 ounce can	14.9	---	---	1.9	13.0	13
Corn, canned	2.49 lb. sweet corn	No. 303 can	19.6	---	---	2.3	17.3	12
Peas, canned .....	.69 lb. peas for canning	No. 303 can	21.5	---	---	3.0	18.5	14
Tomatoes, canned	1.84 lb. tomatoes for processing	No. 303 can	16.0	---	---	2.4	13.6	15
Orange juice concentrate, frozen	3.05 lb. Fla. oranges for frozen concentrated juice	6 ounce can	23.0	---	---	8.6	14.4	37
Strawberries, frozen .....	.51 lb. strawberries for processing	10 ounces	27.1	---	---	7.2	19.9	27
Beans, green, frozen .....	.71 lb. beans for processing	9 ounces	23.1	---	---	4.5	18.6	19
Peas, frozen .....	.70 lb. peas for freezing	10 ounces	20.4	---	---	2.9	17.5	14
Dried beans (navy)	1.00 lb. Mich. dry beans	Pound	16.5	---	---	5.3	11.2	32
Dried prunes .....	.97 lb. dried prunes	Pound	40.1	---	---	17.8	22.3	44
Margarine, colored	Soybeans, cottonseed, and milk	Pound	27.0	---	---	7.7	19.3	29
Peanut butter	1.77 lb. peanuts	Pound	55.5	---	---	18.3	37.2	33
Salad dressing	Cottonseed, soybeans, sugar, and eggs	Pint	36.0	---	---	6.6	29.4	18
Vegetable shortening	Soybeans and cottonseed	3 pounds	83.8	---	---	27.4	56.4	33
Corn sirup	1.90 lb. corn	24 ounces	26.7	3.2	.7	2.5	24.2	9
Sugar	37.96 lb. sugar beets	5 pounds	59.4	21.7	1.1	5/20.6	5/38.8	5/35

^{1/} The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

^{2/} Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

^{3/} Market basket total may differ from sum of product group totals because of rounding of averages.

^{4/} Includes farm value of cream and milk only.

^{5/} Net farm value adjusted for Government payments to producer was 25.1 cents, farm-retail spread adjusted for Government processor tax was 36.1 cents, farmer's share of retail cost based on adjusted farm value was 42 percent.

Preliminary estimates.

Table 23.- Farm food products: Retail cost and farm value, October-December 1960, July-September 1960,
October-December 1959, and 1947-49 average 1/

Product 2/	Retail unit	Retail cost						Net farm value 3/					
		Oct.-		July-		Percentage change:		Oct.-		Percentage change:		Oct.-	
		Dec.		Sept.		Oct.-Dec. 1960		Dec.		Oct.-Dec. 1960		Oct.-	
		1960	1960	1960	1960	from -	from -	1960	1960	from -	from -	1960	1960
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Dollars	Dollars	Dollars	Dollars	Percent	Percent
Market basket 6/.....)		1,063.87	1,057.17	5/1,033.42	940.09	1	3	418.49	5/405.08	385.98	466.02	3	8
Meat products		276.88	279.16	272.95	256.08	-1	1	146.46	142.92	132.84	170.90	2	10
Dairy products		202.97	199.38	5/198.72	169.28	2	2	92.02	88.36	90.24	91.66	4	2
Poultry and eggs	Average	98.97	89.68	86.11	117.01	10	15	63.11	54.80	50.09	80.69	15	26
Bakery and cereal products	quantities												
All ingredients	purchased												
Grain	per urban	166.74	165.48	161.40	121.96	1	3	28.35	5/27.97	27.80	34.97	1	2
	and	-----	-----	-----	-----	---	---	21.11	20.73	21.33	24.96	2	-1
	clerical-												
All fruits and vegetables	worker	232.53	5/238.57	229.09	184.68	-3	2	69.42	5/72.34	68.24	60.93	-4	2
Fresh fruits and vegetables	family	138.02	144.78	132.58	103.91	-5	4	49.89	53.26	46.58	42.91	-6	7
Fresh vegetables	in 1952	66.45	68.59	69.43	53.17	-3	-4	20.79	23.23	22.87	22.97	-11	-9
Processed fruits and													
vegetables		94.51	93.80	96.52	---	1	-2	19.53	5/19.07	21.66	---	2	-10
Fats and oils		41.30	40.73	41.80	52.21	1	-1	11.97	11.44	9.64	19.84	5	24
Miscellaneous products		44.47	44.16	43.33	38.87	1	3	7.16	5/7.25	7.13	7.03	-1	7/
		Cents	Cents	Cents	Cents	Percent	Percent	Cents	Cents	Cents	Cents	Percent	Percent
Beef (Choice grade)	Pound	79.7	80.1	82.1	68.5	7/	-3	47.7	46.5	48.4	48.5	3	-1
Lamb (Choice grade)	Pound	70.0	69.0	67.0	63.9	1	4	31.9	35.3	33.9	44.2	-10	-6
Pork (retail cuts)	Pound	58.6	59.1	53.8	59.4	-1	9	31.6	30.8	23.2	39.7	3	36
Butter	Pound	76.4	74.4	77.5	79.4	3	-1	54.3	52.8	54.2	59.3	3	7/
Cheese, American process	1/2 pound	35.4	34.0	33.0	29.8	4	7	15.7	14.5	14.5	16.0	8	8
Ice cream	1/2 gallon	86.5	86.4	87.7	---	7/	-1	8/23.2	8/22.5	8/23.0	---	3	1
Milk, evaporated	14 1/2 ounce can	15.8	15.8	15.3	13.7	0	3	6.5	6.3	6.3	7.1	3	3
Milk, fluid	Quart	25.8	25.4	25.2	20.1	2	2	11.3	10.9	11.2	10.6	4	-1
Chickens, frying, ready-to-cook:	Pound	41.3	43.0	40.8	---	-4	1	21.7	23.1	21.5	---	-6	1
Eggs	Dozen	65.1	53.8	52.2	66.7	21	25	45.7	35.8	32.4	48.0	28	41
Bread, white													
All ingredients	Pound	20.8	20.5	19.8	13.5	1	5	2.8	2.8	2.8	3.3	0	0
Wheat	Pound	---	---	---	---	---	---	2.3	2.3	2.3	2.7	0	0
Crackers, soda	Pound	29.0	29.0	29.0	---	0	0	3.6	3.6	3.7	---	0	-3
Corn flakes	12 ounces	25.9	25.8	25.7	17.1	7/	1	2.2	2.4	2.1	3.2	-8	5
Corn meal	Pound	13.1	13.1	13.0	11.8	0	1	2.3	2.4	2.1	3.6	-4	10
Flour, white	5 pounds	55.9	55.6	54.1	48.4	1	3	18.1	17.6	18.3	21.0	3	-1
Rollled oats	18 ounces	22.2	22.1	20.7	14.5	7/	7	3.6	3.6	4.0	4.9	0	-10
Apples	Pound	14.2	9/19.0	12.6	11.9	-25	13	5.5	9/5.6	4.5	4.3	-2	22
Grapefruit	Each	15.8	16.2	12.8	8.5	-2	23	2.7	3.4	2.1	1.4	-21	29
Lemons	Pound	21.1	18.9	19.7	17.7	12	7	6.4	5.6	5.3	5.7	14	21
Oranges	Dozen	86.4	81.6	68.5	46.6	6	26	30.3	32.0	20.2	12.6	-5	50
Beans, green	Pound	23.8	20.4	27.8	21.1	17	-14	9.6	9.2	12.8	9.3	4	-25
Cabbage	Pound	8.0	8.4	10.4	6.9	-5	-23	1.8	2.3	3.7	1.9	-22	-51
Carrots	Pound	14.4	15.4	14.8	11.1	-6	-3	3.9	4.9	3.5	4.0	-20	11
Celery	Pound	13.3	14.1	15.2	---	-6	-12	3.2	4.7	4.6	---	-32	-30
Lettuce	Head	17.9	17.3	20.4	14.5	3	-12	6.6	5.0	7.4	6.3	32	-11
Onions	Pound	8.6	9.9	8.6	8.4	-13	0	1.6	2.9	1.9	3.7	-45	-16
Potatoes	10 pounds	66.2	71.4	60.5	51.9	-7	9	19.9	24.7	18.9	25.6	-19	5
Sweetpotatoes	Pound	13.2	9/15.8	12.0	11.6	-16	10	4.5	9/4.1	3.2	4.8	10	41
Tomatoes	Pound	25.3	23.7	29.8	---	7	-15	8.9	9.0	10.8	---	-1	-18
Orange juice, canned	46 ounce can	42.7	42.5	51.0	---	7/	-16	14.1	13.2	17.9	---	7	-21
Peaches, canned	No. 2-1/2 can	33.6	33.7	34.1	31.5	7/	-1	5.3	5.4	5.5	5.3	-2	-4
Beans with pork, canned	16 ounce can	14.9	14.8	14.9	---	1	0	1.9	1.9	2.0	---	0	-5
Corn, canned	No. 303 can	19.6	19.3	19.1	16.7	2	3	2.3	2.3	2.3	2.7	0	0
Peas, canned	No. 303 can	21.5	21.0	19.7	21.4	2	9	3.0	3.0	3.0	3.0	0	0
Tomatoes, canned	No. 303 can	16.0	16.1	15.2	14.2	-1	5	2.4	2.3	2.3	2.6	4	4
Orange juice concentrate, frozen:	6 ounce can	23.0	22.1	26.0	---	4	-12	8.6	8.6	11.9	---	0	-28
Strawberries, frozen	10 ounces	27.1	26.7	26.5	---	1	2	7.2	5/7.1	6.9	---	1	4
Beans, green, frozen	9 ounces	23.1	23.0	22.5	---	7/	3	4.5	5/4.4	4.3	---	2	5
Peas, frozen	10 ounces	20.4	20.0	19.9	---	2	3	2.9	5/3.1	3.2	---	-6	-9
Dried beans (navy)	Pound	16.5	16.5	16.8	19.9	0	-2	5.3	5.4	5.5	9.7	-2	-4
Dried prunes	Pound	40.1	39.6	39.8	23.1	1	1	17.8	17.1	18.0	8.8	4	-1
Margarine, colored	Pound	27.0	26.8	27.8	39.7	1	-3	7.7	7.2	5.9	12.2	7	31
Peanut butter	Pound	55.5	55.6	55.5	---	7/	0	18.3	17.4	17.2	---	5	6
Salad dressing	Pint	36.0	36.0	37.0	37.8	0	-3	6.6	6.3	5.7	10.0	5	16
Vegetable shortening	3 pounds	83.8	81.7	85.4	105.6	3	-2	27.4	25.3	21.6	46.2	8	27
Corn sirup	24 ounces	26.7	26.7	26.5	---	0	1	2.5	3.0	2.7	---	-17	-7
Sugar	5 pounds	59.4	58.4	57.8	48.4	2	3	20.6	5/20.7	20.6	19.4	7/	0

1/ The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

2/ Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

3/ Gross farm value adjusted to exclude imputed values of byproducts obtained in processing.

4/ Preliminary estimates.

5/ Most farm value figures for October-December 1959 have been revised; figures in other columns revised as indicated.

6/ Sum of product groups may differ slightly from market-basket total because of rounding of averages.

7/ Less than 0.5 percent.

8/ Includes farm value of cream and milk only.

9/ 2-month average.

Table 24 - Farm food products: Farm-retail spread and farmer's share of the retail cost, October-December 1960, July-September 1960, October-December, 1959 and 1947-49 average ^{1/}

Product ^{2/}	Retail unit	Farm-retail spread ^{3/}						Farmer's share			
		Oct.-	July-	Oct.-	1947-49	Percentage change		Oct.-	July-	Oct.-	1947-49
		Dec. 1960	Sept. 1960	Dec. 1959	average	from -		Dec. 1960	Sept. 1960	Dec. 1959	average
		4/	5/	5/		July-1960	Oct.-1960	4/	1960		
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Percent	Percent	Percent	Percent
Market basket ^{6/}.....	(	645.38	5/652.09	647.44	474.07	-1	7/	39	38	37	50
Meat products .....	(	130.42	136.24	140.11	85.18	-4	-7	53	51	49	67
Dairy products .....	(	110.95	111.02	108.48	77.62	7/	2	45	44	45	54
Poultry and eggs .....	(	35.86	34.88	36.02	36.32	3	7/	64	61	58	69
Bakery and cereal products .....	(	138.39	5/137.51	133.60	86.99	1	4	17	17	17	29
All ingredients .....	(	-----	-----	-----	-----	--	--	13	13	13	20
Grain .....	(	163.11	166.23	160.85	123.75	-2	1	30	30	30	33
All fruits and vegetables ....	(	88.13	91.52	86.00	61.00	-4	2	36	37	35	41
Fresh fruits and vegetables:	(	45.66	45.36	46.56	30.20	1	-2	31	34	33	43
Fresh vegetables .....	(	74.98	5/ 74.73	74.86	---	7/	7/	21	20	22	---
Processed fruits and	(	29.33	29.29	32.16	32.37	7/	-9	29	28	23	38
vegetables .....	(	37.31	5/ 36.91	36.20	31.84	1	3	16	16	16	18
Fats and oils .....	(	37.31	5/ 36.91	36.20	31.84	1	3	16	16	16	18
Miscellaneous products .....	(	37.31	5/ 36.91	36.20	31.84	1	3	16	16	16	18
		Cents	Cents	Cents	Cents	Percent	Percent	Percent	Percent	Percent	Percent
Beef (Choice grade)	Pound	32.0	33.6	33.7	20.0	-5	-5	60	58	59	71
Lamb (Choice grade)	Pound	38.1	33.7	33.1	19.7	13	15	46	51	51	69
Pork (retail cuts)	Pound	27.0	28.3	30.6	19.7	-5	-12	54	52	43	67
Butter	Pound	22.1	21.6	23.3	20.1	2	-5	71	71	5/70	75
Cheese, American process	1/2 pound	19.7	19.5	18.5	13.8	1	6	44	43	44	54
Ice cream	1/2 gallon	63.3	63.9	64.7	---	-1	-2	27	26	26	---
Milk, evaporated	14 1/2 ounce can	9.3	9.5	9.0	6.6	-2	3	41	40	41	52
Milk, fluid	Quart	14.5	14.5	14.0	9.5	0	4	44	43	44	53
Chickens, frying, ready-to-cook:	Pound	19.6	19.9	19.3	---	-2	2	53	54	53	---
Eggs	Dozen	19.4	18.0	19.8	18.7	8	-2	70	67	5/62	72
Bread, white											
All ingredients	Pound	18.0	17.7	17.0	10.2	2	6	13	14	14	24
Wheat	Pound	---	---	---	---	2	6	11	11	12	20
Crackers, soda	Pound	25.4	25.4	25.3	---	0	7/	12	12	13	---
Corn flakes	12 ounces	23.7	23.4	23.6	13.9	1	7/	8	9	8	19
Corn meal	Pound	10.8	10.7	10.9	8.2	1	-1	18	18	16	31
Flour, white	5 pounds	37.8	38.0	35.8	27.4	-1	6	32	32	34	43
Rolls oats	18 ounces	18.6	18.5	16.7	9.6	1	11	16	16	19	34
Apples	Pound	8.7	8/13.4	8.1	7.6	-35	7	39	8/29	5/36	36
Grapefruit	Each	13.1	12.8	10.7	7.1	2	22	17	21	16	16
Lemons	Pound	14.7	13.3	14.4	12.0	11	2	30	30	5/27	32
Oranges	Dozen	56.1	49.6	48.3	34.0	13	16	35	39	29	27
Beans, green	Pound	14.2	11.2	15.0	11.8	27	-5	40	45	46	44
Cabbage	Pound	6.2	6.1	6.7	5.0	2	-7	23	27	36	28
Carrots	Pound	10.5	10.5	11.3	7.1	0	-7	27	32	24	36
Celery	Pound	10.1	9.4	10.6	---	7	-5	24	33	30	---
Lettuce	Head	11.3	12.3	13.0	8.2	-8	-13	37	29	36	43
Onions	Pound	7.0	7.0	6.7	4.7	0	4	19	29	22	44
Potatoes	10 pounds	46.3	46.7	41.6	26.3	-1	11	30	35	31	49
Sweetpotatoes	Pound	8.7	8/11.7	8.8	6.8	-26	-1	34	8/26	27	41
Tomatoes	Pound	16.4	14.7	19.0	---	12	-14	35	38	36	---
Orange juice, canned	46 ounce can	28.6	29.3	33.1	---	-2	-14	33	31	35	---
Peaches, canned	No. 2-1/2 can	28.3	28.3	28.6	26.2	0	-1	16	16	16	17
Beans with pork, canned	16 ounce can	13.0	12.9	12.9	---	1	1	13	13	13	---
Corn, canned	No. 303 can	17.3	17.0	16.8	14.0	2	3	12	12	12	16
Peas, canned	No. 303 can	18.5	18.0	16.7	18.4	3	11	14	14	15	14
Tomatoes, canned	No. 303 can	13.6	13.8	12.9	11.6	-1	5	15	14	15	18
Orange juice concentrate, frozen:	6 ounce can	14.4	13.5	14.1	---	7	2	37	39	46	---
Strawberries, frozen	10 ounces	19.9	5/19.6	19.6	---	2	2	27	5/27	26	---
Beans, green, frozen	9 ounces	18.6	5/18.6	18.2	---	0	2	19	19	19	---
Peas, frozen	10 ounces	17.5	5/16.9	16.7	---	4	5	14	16	16	---
Dried beans (navy)	Pound	11.2	11.1	11.3	10.2	1	-1	32	33	33	49
Dried prunes	Pound	22.3	22.5	21.8	14.3	-1	2	44	43	45	38
Margarine, colored	Pound	19.3	19.6	21.9	27.5	-2	-12	29	27	21	31
Peanut butter	Pound	37.2	38.2	38.3	---	-3	-3	33	31	31	---
Salad dressing	Pint	29.4	29.7	31.3	27.8	-1	-6	18	18	15	26
Vegetable shortening	3 pounds	56.4	56.4	63.8	59.4	0	-12	33	31	25	44
Corn sirup	24 ounces	24.2	23.7	23.8	---	2	2	9	11	10	---
Sugar	5 pounds	38.8	5/37.7	37.2	29.0	3	4	35	35	5/36	40

^{1/} The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

^{2/} Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

^{3/} The farm-retail spread is the difference between the retail cost and the net farm value, table on opposite page.

^{4/} Preliminary estimates.

^{5/} Most farm-retail spread figures for Oct.-Dec., 1959 have been revised; figures in other columns revised as indicated.

^{6/} Sum of product groups may differ slightly from market-basket total because of rounding of averages.

^{7/} Less than 0.5 percent.

^{8/} 2-month average.

Table 25.- Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, annual 1959 ^{1/}

Product ^{2/}	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value	Farm-retail spread	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket ^{3/}			1,040.20	---	---	398.27	641.93	38
Meat products			281.08	---	---	146.89	134.19	52
Dairy products			195.24	---	---	87.11	108.13	45
Poultry and eggs		Average quantities purchased per urban wage-earner and clerical-worker family in 1952	85.88	---	---	50.31	35.57	59
Bakery and cereal products	Farm produce equivalent to products bought by urban families							
All ingredients			161.15	---	---	27.88	133.27	17
Grain			-----	24.09	3.06	21.03	-----	13
All fruits and vegetables			230.60	---	---	68.00	162.60	29
Fresh fruits and vegetables :			133.38	---	---	45.68	87.70	34
Fresh vegetables			69.48	---	---	22.43	47.05	32
Processed fruits and vegetables			97.23	---	---	22.32	74.91	23
Fats and oils			42.74	---	---	10.79	31.95	25
Miscellaneous products			43.50	---	---	7.28	36.22	17
			Cents	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)	2.16 lb. Choice grade cattle	Pound	82.8	56.2	5.1	51.1	31.7	62
Lamb (Choice grade)	2.37 lb. lamb	Pound	70.7	44.5	6.9	37.6	33.1	53
Pork (retail cuts)	2.13 lb. hogs	Pound	57.1	31.3	4.0	27.3	29.8	48
Butter	Cream and whole milk	Pound	75.3	---	---	52.5	22.8	70
Cheese, American process ^{4/}	Milk for American cheese	1/2 pound	32.9	---	---	14.1	18.8	43
Ice cream	Cream and milk	1/2 gallon	87.8	---	---	5/22.3	65.5	25
Milk, evaporated	Milk for evaporating	14-1/2 ounce can	15.2	---	---	6.2	9.0	41
Milk, fluid	Wholesale fluid milk	Quart	24.7	---	---	10.7	14.0	43
Chickens, frying, ready-to-cook	1.37 lb. broilers	Pound	42.0	---	---	22.0	20.0	52
Eggs	1.03 doz.	Dozen	50.8	---	---	32.1	18.7	63
Bread, white								
All ingredients	Wheat and other ingredients	Pound	19.7	---	---	2.8	16.9	14
Wheat .....	.894 lb. wheat	Pound	---	2.6	.3	2.3	---	12
Crackers, soda	1.40 lb. wheat	Pound	29.1	4.1	.5	3.6	25.5	12
Corn flakes	1.57 lb. white corn	12 ounces	25.6	3.2	.8	2.4	23.2	9
Corn meal	1.34 lb. white corn	Pound	13.0	2.7	.3	2.4	10.6	18
Flour, white .....	.70 lb. wheat	5 pounds	54.5	20.3	2.5	17.8	36.7	33
Polled oats	2.31 lb. oats	18 ounces	20.5	4.5	.8	3.7	16.8	18
Apples	1.08 lb. apples	Pound	14.2	---	---	4.0	10.2	28
Grapefruit	1.04 grapefruit	Each	13.3	---	---	2.6	10.7	20
Lemons	1.04 lb. lemons	Pound	18.9	---	---	4.7	14.2	25
Oranges	1.04 doz. oranges	Dozen	66.4	---	---	22.1	44.3	33
Beans, green	1.09 lb. snap beans	Pound	25.6	---	---	11.2	14.4	44
Cabbage	1.10 lb. cabbage	Pound	9.4	---	---	2.6	6.8	28
Carrots	1.06 lb. carrots	Pound	14.4	---	---	3.4	11.0	24
Celery	1.11 lb. celery	Pound	14.2	---	---	3.8	10.4	27
Lettuce	1.41 lb. lettuce	Head	18.0	---	---	6.1	11.9	34
Onions	1.06 lb. onions	Pound	11.3	---	---	4.0	7.3	35
Potatoes	10.42 lb. potatoes	10 pounds	63.3	---	---	19.2	44.1	30
Sweetpotatoes	1.12 lb. sweetpotatoes	Pound	13.8	---	---	4.1	9.7	30
Tomatoes	1.18 lb. tomatoes	Pound	29.6	---	---	10.5	19.1	35
Orange juice, canned	5.88 lb. Fla. oranges for canning	46 ounce can	49.7	---	---	19.0	30.7	38
Peaches, canned	1.89 lb. Calif. cling	No. 2-1/2 can	35.5	---	---	5.9	29.6	17
Beans with pork, canned .....	.35 lb. Mich. dry beans	16 ounce can	15.0	---	---	2.2	12.8	15
Corn, canned	2.49 lb. sweet corn	No. 303 can	19.3	---	---	2.3	17.0	12
Peas, canned .....	.69 lb. peas for canning	No. 303 can	20.4	---	---	3.0	17.4	15
Tomatoes, canned	1.84 lb. tomatoes for processing	No. 303 can	15.5	---	---	2.3	13.2	15
Orange juice concentrate, frozen	3.05 lb. Fla. oranges for frozen concentrated juice	6 ounce can	25.8	---	---	11.2	14.6	43
Strawberries, frozen .....	.51 lb. strawberries for processing	10 ounces	26.2	---	---	6.5	19.7	25
Beans, green, frozen .....	.71 lb. beans for processing	9 ounces	22.7	---	---	4.3	18.4	19
Peas, frozen .....	.70 lb. peas for freezing	10 ounces	19.9	---	---	3.1	16.8	16
Dried beans (navy)	1.00 lb. Mich. dry beans	Pound	17.2	---	---	6.3	10.9	37
Dried prunes .....	.97 lb. dried prunes	Pound	39.8	---	---	18.7	21.1	47
Margarine, colored	Soybeans, cottonseed, and milk	Pound	28.0	---	---	6.7	21.3	24
Peanut butter	1.77 lb. peanuts	Pound	55.7	---	---	18.4	37.3	33
Salad dressing	Cottonseed, soybeans, sugar, and eggs	Pint	37.6	---	---	6.2	31.4	16
Vegetable shortening	Soybeans and cottonseed	3 pounds	88.2	---	---	24.4	63.8	28
Corn sirup	1.90 lb. corn	24 ounces	26.5	3.6	.6	3.0	23.5	11
Sugar	37.15 lb. sugar beets	5 pounds	57.2	21.6	1.1	6/20.5	6/36.7	6/36

^{1/} The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

^{2/} Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

^{3/} Market basket total may differ from sum of product group totals because of rounding of averages.

^{4/} Data for this item revised because of change in retail unit.

^{5/} Includes farm value of cream and milk only.

^{6/} Net farm value adjusted for Government payments to producer was 24.9 cents, farm-retail spread adjusted for Government processor tax was 33.9 cents, farmer's share of retail cost based on adjusted farm value was 44 percent.

Table 26.- Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, annual 1960 ^{1/}

Product ^{2/}	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value	Farm-retail spread	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket ^{3/}			1,051.70	---	---	408.12	643.58	39
Meat products			275.33	---	---	145.07	130.26	53
Dairy products			199.57	---	---	88.83	110.74	45
Poultry and eggs		Average quantities purchased per urban wage-earner and clerical-worker family in 1952	90.29	---	---	55.89	34.40	62
Bakery and cereal products	Farm produce equivalent to products bought by urban families		164.51	---	---	28.30	136.21	17
All ingredients			---	24.25	3.01	21.24	---	13
Grain			237.29	---	---	71.71	165.58	30
All fruits and vegetables			143.56	---	---	52.44	91.12	37
Fresh fruits and vegetables			71.57	---	---	23.92	47.65	33
Fresh vegetables			93.73	---	---	19.28	74.45	21
Processed fruits and vegetables			40.74	---	---	11.14	29.60	27
Fats and oils			43.97	---	---	7.19	36.78	16
Miscellaneous products								
			Cents	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)	2.16 lb. Choice grade cattle	Pound	80.7	53.0	4.3	48.7	32.0	60
Lamb (Choice grade)	2.37 lb. lamb	Pound	69.8	42.9	7.0	35.9	33.9	51
Pork (retail cuts)	2.13 lb. hogs	Pound	56.5	33.9	4.5	29.4	27.1	52
Butter	Cream and whole milk	Pound	74.9	---	---	53.1	21.8	71
Cheese, American process	Milk for American cheese	1/2 pound	34.3	---	---	14.8	19.5	43
Ice cream	Cream and milk	1/2 gallon	86.9	---	---	4/22.7	64.2	26
Milk, evaporated	Milk for evaporating	14-1/2 ounce can	15.7	---	---	6.4	9.3	41
Milk, fluid	Wholesale fluid milk	Quart	25.3	---	---	10.9	14.4	43
Chickens, frying, ready-to-cook	1.37 lb. broilers	Pound	42.7	---	---	23.3	19.4	55
Eggs	1.03 doz.	Dozen	54.7	---	---	36.8	17.9	67
Bread, white								
All ingredients	Wheat and other ingredients	Pound	20.3	---	---	2.8	17.5	14
Wheat .....	.894 lb. wheat	Pound	---	2.6	.3	2.3	---	11
Crackers, soda	1.40 lb. wheat	Pound	29.0	4.1	.5	3.6	25.4	12
Corn flakes	1.57 lb. white corn	12 ounces	25.8	3.0	.7	2.3	23.5	9
Corn meal	1.34 lb. white corn	Pound	13.1	2.6	.3	2.3	10.8	18
Flour, white	7.0 lb. wheat	5 pounds	55.4	20.5	2.4	18.1	37.3	33
Rolls, oats	2.31 lb. oats	18 ounces	22.0	4.6	.8	3.8	18.2	17
Apples ^{5/}	1.08 lb. apples	Pound	16.2	---	---	5.4	10.8	33
Grapefruit	1.04 grapefruit	Each	14.5	---	---	2.7	11.8	19
Lemons	1.04 lb. lemons	Pound	19.4	---	---	5.2	14.2	27
Oranges	1.04 doz. oranges	Dozen	75.6	---	---	27.3	48.3	36
Beans, green	1.09 lb. snap beans	Pound	25.4	---	---	10.8	14.6	43
Cabbage	1.10 lb. cabbage	Pound	9.5	---	---	2.4	7.1	25
Carrots	1.06 lb. carrots	Pound	14.1	---	---	3.6	10.5	26
Celery	1.11 lb. celery	Pound	13.9	---	---	3.9	10.0	28
Lettuce	1.41 lb. lettuce	Head	17.6	---	---	6.2	11.4	35
Onions	1.06 lb. onions	Pound	9.2	---	---	2.2	7.0	24
Potatoes	10.42 lb. potatoes	10 pounds	71.7	---	---	24.5	47.2	34
Sweetpotatoes ^{5/}	1.12 lb. sweetpotatoes	Pound	13.7	---	---	4.2	9.5	31
Tomatoes	1.18 lb. tomatoes	Pound	30.8	---	---	11.5	19.3	37
Orange juice, canned	5.88 lb. Fla. oranges for canning	46 ounce can	42.9	---	---	13.4	29.5	31
Peaches, canned	1.89 lb. Calif. cling	No. 2-1/2 can	33.6	---	---	5.4	28.2	16
Beans with pork, canned .....	.35 lb. Mich. dry beans	16 ounce can	14.9	---	---	1.9	13.0	13
Corn, canned	2.49 lb. sweet corn	No. 303 can	19.2	---	---	2.3	16.9	12
Peas, canned .....	.69 lb. peas for canning	No. 303 can	20.7	---	---	3.0	17.7	14
Tomatoes, canned	1.84 lb. tomatoes for processing	No. 303 can	15.9	---	---	2.3	13.6	14
Orange juice concentrate, frozen	3.05 lb. Fla. oranges for frozen concentrated juice	6 ounce can	22.5	---	---	8.9	13.6	40
Strawberries, frozen .....	.51 lb. strawberries for processing	10 ounces	26.7	---	---	7.0	19.7	26
Beans, green, frozen .....	.71 lb. beans for processing	9 ounces	23.0	---	---	4.4	18.6	19
Peas, frozen .....	.70 lb. peas for freezing	10 ounces	20.0	---	---	3.1	16.9	16
Dried beans (navy)	1.00 lb. Mich. dry beans	Pound	16.7	---	---	5.5	11.2	33
Dried prunes .....	.97 lb. dried prunes	Pound	39.7	---	---	17.3	22.4	44
Margarine, colored	Soybeans, cottonseed, and milk	Pound	26.9	---	---	6.9	20.0	26
Peanut butter	1.77 lb. peanuts	Pound	55.5	---	---	18.4	37.1	33
Salad dressing	Cottonseed, soybeans, sugar, and eggs	Pint	36.0	---	---	6.2	29.8	17
Vegetable shortening	Soybeans and cottonseed	3 pounds	81.9	---	---	24.7	57.2	30
Corn sirup	1.90 lb. corn	24 ounces	26.7	3.5	.7	2.8	23.9	10
Sugar	38.66 lb. sugar beets	5 pounds	58.2	21.8	1.1	6/20.7	6/37.5	6/36

^{1/} The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

^{2/} Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

^{3/} Market basket total may differ from sum of product group totals because of rounding of averages.

^{4/} Includes farm value of cream and milk only.

^{5/} 11-month average.

^{6/} Net farm value adjusted for Government payments to producer was 25.3 cents, farm-retail spread adjusted for Government processor tax was 34.8 cents, farmer's share of retail cost based on adjusted farm value was 43 percent.

Preliminary estimates.

Table 27.--The farm food market basket: Revised quarterly data for 1959

Item and period	Retail cost	Gross farm value	Net farm value	Farm- retail spread	Farmer's share
	Dollars	Dollars	Dollars	Dollars	Percent
Market basket					
Jan.-Mar.	1,042.24	---	408.54	633.70	---
Apr.-June	---	---	402.18	638.23	---
Oct.-Dec.	1,033.42	---	385.98	647.44	---
Meat products					
Jan.-Mar.	286.46	---	155.22	131.24	---
Oct.-Dec.	---	---	132.84	140.11	---
Dairy products					
Jan.-Mar.	---	---	87.34	107.14	---
Oct.-Dec.	198.72	---	90.24	108.48	---
Poultry and eggs					
Jan.-Mar.	---	---	55.70	35.11	61
Oct.-Dec.	---	---	50.09	36.02	---
Bakery and cereal products (all ingredients)					
Oct.-Dec.	---	---	27.80	133.60	---
Bakery and cereal products (grain):					
Jan.-Mar.	---	24.01	---	---	---
Apr.-June	---	24.03	---	---	---
Oct.-Dec.	---	24.49	---	---	---
All fruits and vegetables					
Jan.-Mar.	---	---	63.78	158.60	---
Apr.-June	---	---	70.45	166.24	---
Oct.-Dec.	---	---	68.24	160.85	---
Fresh fruits and vegetables					
Jan.-Mar.	---	---	42.09	83.45	34
Apr.-June	---	---	47.34	91.90	---
Oct.-Dec.	---	---	46.58	86.00	---
Fresh vegetables					
Oct.-Dec.	---	---	22.87	46.56	---
Processed fruits and vegetables					
Oct.-Dec.	---	---	21.66	74.86	---
Fats and oils					
Oct.-Dec.	---	---	9.64	32.16	---
Miscellaneous products					
Jan.-Mar.	---	---	7.24	36.33	17
Oct.-Dec.	---	---	7.13	36.20	---
	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)					
Jan.-Mar.	---	56.9	52.3	30.7	---
Apr.-June	---	58.9	---	---	---
July-Sept.	---	56.1	---	---	---
Oct.-Dec.	---	52.9	48.4	33.7	---

Continued -

Table 27.--The farm food market basket: Revised quarterly data for 1959 - Con.

Item and period	Retail cost Cents	Gross farm value Cents	Net farm value Cents	Farm- retail spread Cents	Farmer's share Percent
Lamb (Choice grade)					
Jan.-Mar.	---	44.4	36.7	32.3	---
Apr.-June	---	47.7	---	---	---
Pork (retail cuts)					
Jan.-Mar.	---	34.2	29.7	29.4	---
Apr.-June	---	34.1	---	---	---
July-Sept.	---	30.3	---	---	---
Oct.-Dec.	---	---	23.2	30.6	---
Butter					
Jan.-Mar.	---	---	51.8	22.7	70
Oct.-Dec.	---	---	54.2	23.3	70
Milk, fluid					
Oct.-Dec.	---	---	11.2	14.0	---
Chickens, frying, ready-to-cook					
Jan.-Mar.	---	---	23.2	20.1	54
Oct.-Dec.	---	---	21.5	19.3	---
Eggs					
Jan.-Mar.	---	---	36.7	18.0	---
Oct.-Dec.	---	---	32.4	19.8	62
Apples					
Jan.-Mar.	---	---	4.0	9.3	30
Apr.-June	---	---	3.5	12.1	22
Oct.-Dec.	---	---	4.5	8.1	36
Grapefruit					
Apr.-June	---	---	2.2	10.4	17
Lemons					
Jan.-Mar.	---	---	4.3	14.9	22
Apr.-June	---	---	4.3	14.1	23
Oct.-Dec.	---	---	5.3	14.4	27
Oranges					
Jan.-Mar.	---	---	21.0	41.2	---
Apr.-June	---	---	22.8	42.8	---
Potatoes					
Oct.-Dec.	---	---	18.9	41.6	---
Peaches, canned					
Oct.-Dec.	---	---	5.5	28.6	---
Sugar 1/					
Jan.-Mar.	---	21.6	---	---	---
Apr.-June	---	21.6	---	---	---
July-Sept.	---	21.6	---	---	---
Oct.-Dec.	---	21.7	20.6	37.2	36

1/ Revised net farm value adjusted for Government payments to producers: Jan.-Mar. 24.8; Apr.-June 24.8, July-Sept. 24.8, Oct.-Dec. 25.1; farm-retail spread adjusted for Government processor tax: Jan.-Mar. 33.6, Apr.-June 33.5, July-Sept. 34.1, Oct.-Dec. 34.4; farmer's share of retail cost based on adjusted farm value: Jan.-Mar. 44 percent, Apr.-June 44 percent, Oct.-Dec. 44 percent.

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